

# "HUMAN RELATIONS IN INDUSTRY"



A Summary of the  
NINTH ANNUAL  
INDUSTRIAL  
CONFERENCE

SILVER BAY on  
LAKE GEORGE, N. Y.

August 26 to 29, 1926



"A Conference, increasingly recognized  
for its progressive program, frank inter-  
change of opinion, inspiring ideals, fine  
fellowship, and far-reaching influence"

*Under the auspices of the*  
INDUSTRIAL DEPARTMENT  
*of the*  
YOUNG MEN'S CHRISTIAN ASSOCIATIONS

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*Some of the Six Hundred—1926 Conference*



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### F O R E W O R D

**I**N these days of multitudinous conferences, it is refreshing to find one which is "different." At Silver Bay representatives of capital, labor, and the public meet together on a common footing, apart from the disconcerting hum of machinery, and discuss their mutual problems in an atmosphere which makes for real understanding.

This year's conference was attended by 532 delegates from 90 cities and 3 foreign countries. Regular visitors in addition increased the attendance to approximately 600. These delegates represented a true cross-section of industry: 30 per cent were major executives, 18 per cent were personnel and research managers, 14 per cent foremen, 10 per cent employes, 5 per cent professional men, 4 per cent employe representatives, and 19 per cent Y M C A secretaries, educators, religious leaders, etc. All the delegates gathered together as one big family!

The Industrial Department of the Y M C A has for some years been promoting similar summer conferences at Blue Ridge, N. C.; Estes Park, Colo.; and Lake Geneva, Wis. State and local conferences have also developed. Universal expressions of enthusiasm justify the opinion that the Human Relations Conferences have come to stay and ought to prove an increasingly influential factor in American industry.

It is obviously impossible to print the entire proceedings of the Silver Bay Conference and it has therefore been necessary for the editor to use his own discretion in the material selected for this report. It has been difficult, also, to delete many of the fine paragraphs of eloquence and oratory, wit and humor, live questions and spirited discussions which characterized every session. Those who were not at the Conference and who read this report can but faintly imagine all they have missed. The only way for them to retrieve their loss is for them to attend next time. The testimonies at the Sunday morning session speak for themselves. We had a great Conference but hope to have a greater Conference in 1927.

This report is presented to our friends to the end that we may all work together for better human relations in industry.

FRED H. RINDGE, JR.,  
*Executive Secretary,*  
*Industrial Conference.*

## *Special Features*

The musical program was one long to be remembered. M. J. Brines led the mass singing in his usual masterly style and contributed much by his beautiful solos. The Hampton Institute Quartet sang at every session, and helped not only to enrich the program but also to develop finer race relationships.

Following each address there was lively and fearless discussion which was replete with practical suggestions.

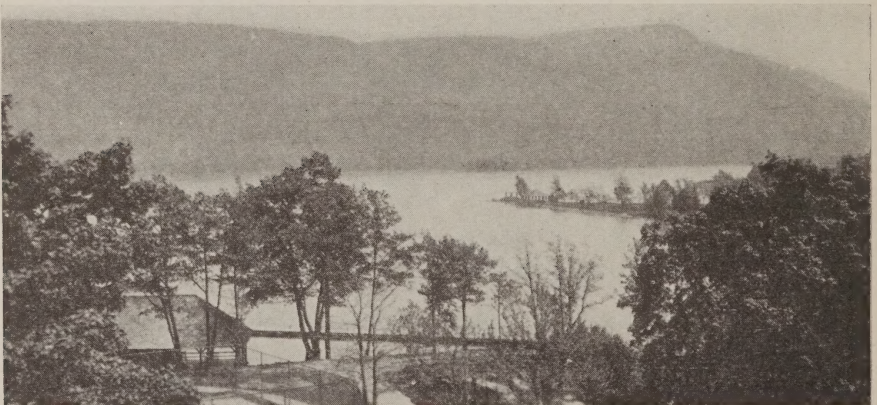
Appropriate industrial motion pictures were shown on the lawn each evening.

The *Daily Bulletin* was snappy and to the point and great credit is due the editorial staff.

The weather man was exceedingly kind and the recreational program was more extensive than ever.

The courtesies of Fort Ticonderoga were extended to delegates by Mr. and Mrs. S. H. P. Pell, and the Saturday afternoon trip to the Fort was well attended and very delightful.

A General Committee of nineteen and several sub-committees rendered splendid service before and during the Conference.



*Silver Bay and Slim Point*



### *The Conference Committee*

- R. D. BENSON, R. D. and W. S. Benson, New York, N. Y.  
E. H. BETTS, Cluett Peabody and Company, Inc., Troy, N. Y.  
S. L. BUSH, Crocker-McElwain Company, Holyoke, Mass.  
C. S. CHING, U. S. Rubber Company, New York, N. Y.  
H. G. ELLERD, Armour and Company, Chicago, Ill.  
E. H. T. FOSTER, Central Y M C A, Brooklyn, N. Y.  
JOHN P. FREY, *International Molders' Journal*, Cincinnati, Ohio.  
E. K. HALL, American Telephone and Telegraph Company, New York, N. Y.  
CHAS. R. HOOK, American Rolling Mill Company, Middletown, Ohio.  
A. L. HUMPHREY, Westinghouse Air Brake Company, Wilmerding, Pa.  
F. J. KINGSBURY, Bridgeport Brass Company, Bridgeport, Conn.  
J. M. LARKIN, Bethlehem Steel Company, Bethlehem, Pa.  
S. H. LIBBY, General Electric Company, Bloomfield, N. J.  
T. G. SPATES, Richard Hellmann, Inc., Long Island City, N. Y.  
CHAS. R. TOWSON, Deering, Milliken and Company, Inc., New York, N. Y.  
JOHN G. WALBER, New York Central Railroad Company, New York, N. Y.  
WILLIAM H. WOODIN, American Car and Foundry Co., New York, N. Y.  
ROY V. WRIGHT, *Railway Age*, New York, N. Y.

### *Chairman*

- ARTHUR H. YOUNG, Industrial Relations Counselors, Inc., New York, N. Y.

### *Executive Secretary*

- FRED H. RINDGE, JR., Industrial Department, Y M C A, National Council.  
347 Madison Avenue, New York, N. Y.



## *Program*

### *THURSDAY, AUGUST 26*

#### 2:00 p.m. OPENING SESSION:

C. S. Ching, U. S. Rubber Company, presiding.

Music: Mass singing, led by M. J. Brines.

Selections by Hampton Institute Quartet.

Welcome to Delegates: Chas. R. Towson, President, Silver Bay Association.

Address; "*A Program for the New Industrial Day*," Mrs. Lillian Gilbreth, President, Gilbreth, Inc.

#### 3:30 to 5:00 p.m. SECTIONAL CONFERENCES:

1. Pensions and Annuities, C. S. Ching, Supervisor of Industrial Relations, U. S. Rubber Company, leader.
2. Employe Stock Ownership, Seth L. Bush, Manager, Research Department, Crocker-McElwain Company, leader.
3. Making the Best Use of the Present Labor Supply, T. G. Spates, Assistant to President, Richard Hellmann, Inc., leader.
4. Training for Leadership, Professor N. C. Miller, Director, Industrial Extension Division, Rutgers University, leader.
5. Railroad Problems, Roy V. Wright, Editor, *Railway Age*, leader.

#### 7:00 p.m. APPROPRIATE MOTION PICTURES—on the lawn.

#### 7:45 p.m. EVENING SESSION:

R. D. Benson, R. D. and W. S. Benson, presiding.

Mass singing.

Discussion of Mrs. Gilbreth's address.

Hampton Institute Quartet.

Address: "*The Philosophy of the Payroll*," Joe Mitchell Chapple Editor, *National Magazine*.

### *FRIDAY, AUGUST 27*

#### 9:00 a.m. MORNING SESSION:

F. J. KINGSBURY, Bridgeport Brass Company, presiding.

Mass singing.

Address: "*Some of the Tap Roots of Human Relations in Industry*,"

Ernest T. Trigg, President, John Lucas and Company, Inc.,

Chairman, Congress of American Industry, Philadelphia.

Discussion.

Hampton Institute Quartet.

Address: "*An Experience with Employee Representation*," Harvey G. Ellerd, Assistant to Vice-President, Armour and Company.  
Discussion.

2:00 p.m. AFTERNOON SESSION:

C. S. Ching, U. S. Rubber Company, presiding.  
Reports from sectional conferences.

3:00 p.m. RECREATION. Baseball game—Albany vs. Troy.

7:00 p.m. INDUSTRIAL MOTION PICTURES—on the lawn.

7:45 p.m. EVENING SESSION:

S. L. BUSH, Crocker-McElwain Company, presiding.

Mass singing.

Hampton Institute Quartet.

Address: "*Cooperation and Progress in Modern Industry*," James A. Emery, General Counsel, National Association of Manufacturers.

Discussion.

### SATURDAY, AUGUST 28

9:00 a.m. MORNING SESSION:

Roy V. Wright, *Railway Age*, presiding.

Mass singing.

Address: "*Improving Human Relations in the Transportation Industry*," A. J. County, Vice-President, Treasury, Accounting Departments and Corporate Work, Pennsylvania Railroad System.

Discussion.

Hampton Institute Quartet.

Address: "*American Industry and International Relations*," P. Whitwell Wilson, author, expert on world affairs, former member of the British Parliament.

Discussion.

AFTERNOON: RECREATION.

Visit to Fort Ticonderoga, launch trip to Paradise Bay, field and water sports, mountain climbing, games, etc.

7:00 p.m. INDUSTRIAL MOTION PICTURES—on the lawn.



7:45 p.m. EVENING SESSION:

S. H. Libby, General Electric Company, presiding.

Some Appreciations—The Hampton Quartet: P. Whitwell Wilson.

Silver Bay: Charles R. Towson.

The Spirit of the Conference: Fred H. Rindge, Jr.

Address: "*Labor's Viewpoint*," Matthew Woll, Vice-President,  
American Federation of Labor.

Discussion.

*SUNDAY, AUGUST 29*

9:00 a.m. MORNING SESSION:

Conference Hour—Round Table Discussion.

Charles R. Towson, Deering Milliken and Company, leader.

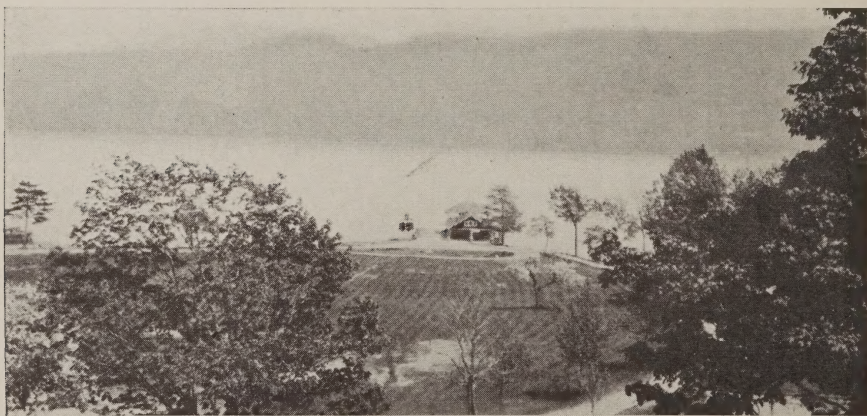
10:30 a.m. FINAL MEETING:

Roy V. Wright, *Railway Age*, presiding.

Solo: M. J. Brines.

Closing Address: "*Industry and Religion*," Dr. Wm. J. Hutchins,  
President, Berea College, Kentucky.

Final Selection—Hampton Institute Quartet.



*Silver Bay Dock*



# A PROGRAM FOR THE NEW INDUSTRIAL DAY

*Mrs. Lillian Gilbreth*

*President, Gilbreth, Inc., Montclair, N. J.*



I am to talk to you for a few moments this afternoon on "A Program for the New Industrial Day." Nothing that I can bring to you will be of such significance as the things that you can bring to each other in the discussion of the subject. All that I can hope to do in these few minutes is to call to your attention some of the subjects with which this program should deal, and I feel that only as you take up these subjects and bring your experience to us all, will any message that I bring be of value.

What has this program to do with the past of the subject? In this new era that is coming we can neither afford to be handicapped by paying too much attention to the past, nor can we afford to disregard it and perhaps to make over again mistakes that have been made, or to fail to profit by methods that have been successful.

In this country and abroad there is now being made a survey of what the past has contributed to the subject of industrial betterment, of industrial relations, of the development of such mechanisms as scientific management. If you, as they come to you, will cooperate with the people who are trying to put this experience of the past into usable form, we shall have ready to come before groups like this, in a year or two, a real summary of what has been accomplished.

Added to the values of the past, we have today the need of making a careful survey of our own country as it stands in regard to all questions that have to do with human relations. Two years ago this summer, in the Prague Conference, it was brought to our attention that we need more than anything else to know exactly *what* is happening, and *where* and *how*. I know you must all have had people come to you from overseas, wanting to see this, that, and the other, and you have been faced with the problem of telling them off hand where to go and what to see. Many a traveler has never found, until boarding his return boat, a list of the things which really would have been significant for him. If this group can help in outlining the things which are significant for those who come to our plants, it will be one of the important factors in our present and future program.

Just exactly what subjects would such a survey cover, if it were going to be of most benefit? The first thing we must consider, and in some

ways the most interesting, is *the philosophy of work*. Just what do we believe work is, and what will it bring us? A European economist said a year or two ago that the great differences between America and the countries of Europe are two. One is that here we believe work is worth doing, and that we use our rest periods of one sort and another either for leisure or recreation, as periods in which we gain new strength to go back to the work we love. Now those of us who go abroad are finding perhaps an increase in those who hold this philosophy, but we are still finding everywhere that older European philosophy of work, which makes it not as satisfying as leisure—the feeling that we work in order to gain time, leisure, and money for the things we care for most.

I should hate to think that the American people had no appreciation of leisure, but I do feel that *if we are going to make industrial work assume its rightful place, we must stand for the philosophy that work is worth doing, and that it is the thing we are here for.*

The second difference between the European position and our own, a very understandable difference, is in the *attitude of optimism* toward what is going on. It is quite natural that we are an optimistic people. We are wealthy, fortunate, with a history of optimism, and much to look forward to. Why shouldn't we be hopeful? The hope and belief that everything will turn out right, lifts us up and carries us forward; while any nation which has back of it a series of disappointments, a chain of calamities, a long stretch of poverty, naturally looks with a more pessimistic and careful attitude toward what is going to happen in the future. This is of great significance because we have so many coming to us from the other side who naturally bring with them this feeling of pessimism. Their experience has justified it, perhaps, and we can never expect to go ahead putting in the things that we feel are for their benefit until we have understood, sympathized with, and finally gotten them out of, this pessimistic attitude. Also we must appreciate that attitude over there, and adapt our endeavors to their way of looking at things. One hears that American methods won't work abroad; that scientific management and other developments which have proven successful in our plants don't succeed over there. Continually in every country they ask: "Does it really work with you?" then add "Well, what is the matter with it here, and why won't it really go through?" It won't work unless we appreciate their philosophy and their psychology; or if one simply tries to jam it on and jam it down, without thinking the thing completely through. Any of you who have been in plants where improvements have been jammed down, in this country, know that method doesn't succeed here either.

So much perhaps, then, for the newer type of philosophy, or our own American belief in work and optimism.

In the second place, the newer industrial program must have a *new type of economics*. You are to have the pleasure later of hearing a representative of the American Federation of Labor, an excellent exponent of the newer type of economics. I sometimes feel that if each one of us could take six months and do what would be most profitable, he would return to the classroom and discover the changes in modern economics since he went to school. It may be bad not to know anything about economics, but it is even worse to be an exponent of economics of the wrong school; and many of us might find it would take several months of destructive work to tear out all the things we were taught to believe that are absolutely wrong, before we began building up a newer economic theory.

Labor is no longer a commodity. The term "producers" has been extended to include many types who were not rated as producers before. The word "producer" has become the most desirable in the language, just as the word "parasite" has become the most undesirable. We will have to realize that some of the older types of economics embodied only theories and that our economics must change and adapt itself and become livable and vital all the time, if it is going to mean anything. Many of our discussions and disputes would be done away with, if we could come to a fundamental agreement as to what an efficient economic theory really is.

Next, what is the place of *engineering* in the newer industrial program? I know many of you are engineers or work with engineers—and when I speak of an engineer I do not mean specifically a person with an engineering training, but one with an engineering mind, a mind that believes in measurement, knows how to measure, and is willing to abide by the results, whether they agree with his preconceived opinion or not.

We have had recently a tendency all over the world, to let the engineer drop out of human relations work. We are willing to acknowledge that the engineer has been a pioneer in industry, that an engineering training is essential for certain things; we stress sometimes more than we should the fact that some of the older engineers, because it was not fashionable in their day, did not have the training in the human sciences that made them always appreciate how to handle human beings. But if we let the engineer, with his passion for accurate measurement, drop out of the picture, we are losing something important. You may make a fine improvement in method, only to find at the end of six months or a year that you should have had a machine, or had power come in, in its place. You make another investigation in another place and improve a method, only to find that in place of studying the man you should have studied primarily the machine, to see where the levers were placed in relation to the human being using it. *If every one in this place would go*



*back to his plant next week and look at his machines, not as fine pieces of design, but as something to be used by human creatures with the easiest motions and the least fatigue, some of the results would be astounding.* The only makers of mechanism who really seem to think adequately in these terms are the automobile manufacturers. The operating parts of most automobiles are so placed that motion study, fatigue study, and ease of operation are considered.

So much for the engineer and the machine element. Now for the human element.

I trust there will be some discussion of the *increasing importance of the medical man and the nurse in industry.* Perhaps every man and woman in this room represents a plant where the medical side is taken care of thoroughly, but there are countless plants, large and small, in this country, where an adequate physical examination is not given. Those of us who are trying to improve conditions, standardize methods, and eliminate fatigue, find in the end that perhaps the worker needed first of all to have his eyes tested, to have his tonsils out, and various other things done which a doctor would have found necessary in the first place.

We supplement the medical man increasingly with the *physiologist* who can stay in the laboratory and make the investigations that are needed. I plead for more backing for men of this kind. We find in fatigue study that there is so little being done in the physiological laboratories to test the various factors compared to what could be done, and this country is far behind some others. If anyone knows of a really adequate physiological study being made in any laboratory in this country it would be a real service to have that put at the disposal of this group. The Engineering Council wants to raise a large sum to investigate fatigue, but quite naturally it seeks specific problems, a real method of attack, and a place where such work is being done or can be done adequately.

Along with the physiologist comes the *psychologist*, and it would be most profitable to have the frank reactions of this group on the place of the psychologist in industry—what he has done, what he can do, and your own confidential experience with such things as psychological tests in your plants. In many places abroad they are simplifying tests very much. As a matter of fact, in many plants only two tests are being given. One is a very simple test—holes in a board and a certain number of things put into the holes to fill them up, to see whether one likes to do work which must be done swiftly but does not require any great amount of accuracy. The other consists of putting some fine vibrating wires into little holes, which must be done very slowly and carefully, to see whether one likes to do work which requires considerable accuracy, but not speed. That is the fundamental division of the workers. I noted two things with much interest. One was that the behavior of the subject being tested

was studied with the greatest care; and the other was that he was always questioned as to whether he liked that kind of work or not. Those two things really act as tests of psychological tests. If someone comes into your plant and starts testing, and he simply calls in the workers in great indiscriminate groups and pays no special attention to how they behave while being tested, you are justified in doubting the validity of the tests. If the investigator fails to discover whether the worker likes the work, he is entirely disregarding one of the most important elements.

Most psychologists acknowledge that at first psychological tests claimed they accomplished more than they really could. There was failure to discriminate between information and aptitude tests. There are many questions to be discussed in this field. Must one have a trained psychologist, or can some apt person within the plant learn something of psychological technique? That is something of great interest.

I found on the other side, just as here, splendid work being done in industry by firms having psychologists come and live with the jobs long enough to know what they are about. I feel sure that man after man could step up here, if he would, and say: "In my plant we have taken certain operations and analyzed them down to the few things that are really significant. We are testing for that. We fail here, and we succeed there." If we could secure that information, we would have before us a body of facts never fairly put before any group, because it is not quite fashionable to be interested in psychological tests today. One must be interested in the psychiatric method of approach if one is really in style; and many people are afraid that simple and home-made methods will be laughed at.

I want to say a word as to the blame of industry itself when tests do not work. I know plant after plant where a well-trained, ambitious young psychologist has come in and done his best, only to find at the end that the plant itself has no records with which he can compare results. He says, "I think the five best men in this group are *a, b, c, d, and e*. What do your records show?" And they say "We have no records." Yet when the results expected in a ridiculously short time are not all industry hopes for, out goes the psychologist and the tests and the whole thing is discredited!

Along with the development of psychology is coming an interest in *psychiatry*. Whether we believe in the most specialized form such as psychoanalysis or in some less specialized form, there are certain things that are important and psychiatry is a part of our newer industrial program. Because, *while humanizing the machine side and testing intelligence, a great many of us have forgotten entirely to consider the emotions—whether a person really desires to work or does not, whether he is happy or miserable in his surroundings, whether he is fulfilling his*

*real wants in the situation, or is doing something diametrically against his desires.*

There are two things to remember: *We can never afford to forget individual differences.* The psychiatrist has taught us that. Every man is a different combination and we cannot afford, no matter how clever our standard or how it is derived, to say, "You must do this 100 per cent as it is laid down here," because perhaps he is not a 100 per cent man such as that was designed for. And in the second place, *we must never forget fundamental likenesses.* Those of you who have been recently in Europe must have been, as I was, astounded to see how much more alike people grow every year. Maybe it is the radio or the motion pictures. I don't know what it is. But if you do not look at the roofs, or listen to the conversation, and just observe a group coming down the street in London, Paris, Berlin, Amsterdam, or New York, the differences seem to be becoming less and less, every year. The same thing is true of mental attitudes of peoples. This is going to make an enormous difference, if it has not already. The psychiatrist with his listing of the fundamental "wants" of everyone of us has done a great job and we simply cannot afford to leave him out of the picture.

And finally, in this research group, of course, comes the *educator*. Don't let us in our teaching technique get out of date in industry. You cannot afford to think that because a person who is teaching was the star person in that sort of thing even three or four years ago, you have modern technique. We are so apt to think that technique develops in all lines with which we are intimately acquainted, but that the dear old professors sit back in the colleges just the way they always did. They don't. Perhaps some of them do, but go to any good normal school, or visit your own youngsters in the grades, and notice the sort of teaching being done these days, and then check up the teaching in your own plant to see whether it really is what it ought to be!

We are called upon to keep in touch not only with industrial education but with all education today. You are getting in your plants and you will continue to get for years and years the product of the present-day college, the high school, the grammar school, the kindergarten, and the nursery, not to speak of the home; and unless you go down and sit in the nursery school, for example, for a day or two, and see what is happening there, you have no idea of the interrelations that are taking place. You may find there a freedom that those children are acquiring in their development that will give you a thought of freedom for your workers. You may find there a lack of insisting on right habits, a tendency to let the child drift from one thing to another without having a firm objective, that will make you go back and say, "Well, at least so far as my work is concerned, while we are going to have freedom and all we can of it,



we are going to have right habits and objectives firmly thought through."

Foremen's courses are perhaps accomplishing the most significant thing in education in industry, and yet I wonder often why they are not doing more. I wonder if any of you have had an experience that parallels mine. I gave a talk not long ago in a factory meeting at which were present the foremen, managers, and two Vice-Presidents. The introduction was given by the Vice-President, who didn't dash in and out for a moment, having more important things to do. After I talked for a short time, he took every point and applied it. He said, "Miss Brown, I think that is so in your room." And "Jim, I think that is true in yours." Now, I wonder how many foremen's meetings are falling down because they are not getting the backing that they should have.

Just a few words on *research*. Of course a group like this stands for research. The research in the sciences and on the physical side—the machinery side—has been done well, *and we must now parallel that with an interest in the human element*. I have quite nobly refrained from telling you about our own type of research in motion study, skill study, and fatigue study. I would like to mention just an example in each field.

In motion study we are finding abroad and here an increasing interest in standardization and in finding the one best way to do work. I know, of course, that motion study is only one of myriads of ways of getting at standardization. We have found that it is always necessary to make clear that when you say you are finding the one best way, you simply mean that you are finding a norm, a standard, from which we calculate our individual differences. Given that, we are discovering everywhere this desire for finding and establishing standards.

In the field of skill study I think we have made a distinct advance in lining up some of the psychologists who have the most stimulating methods of attack. For example, Professor Pear in England is taking up the subject of skill and is doing what we wanted to have done long ago, dividing skills into three grades: first the kind required to run an automobile on a straight road, if nothing special happens; second, when you learn to handle every possible sort of emergency successfully; and third, and this is his special contribution, when you can really express yourself in that activity so that it becomes not only a skill, but *your* skill. I think if we carry that into our study of skills and learn to transfer skills, we will have a real indication for our program in that field.

As for fatigue study, it is vital not only on the physical side, which is becoming less significant as we add labor-saving machines and power, but on the psychological side. If you could go from group to group in industry, and say, "What makes you tired—what days do you find wearing, and what not," what would you find were the factors involved?

Worry, friction, clutter, monotony, lack of cooperation, lonely job—that sort of thing.

You cannot deal with any of these subjects separately, without considering the rest; the psychology of the total situation, what happens in the twenty-four hour day; every factor as it reacts on every other factor and as it contributes to make the work interesting. Interest lies at the base of our American psychology of work. We love work best, because it is the most interesting. Sometimes I think that to the American man and woman it is really the romance of industry that fascinates him! You know what Kipling said about romance:

"Thy face is far from this our war,  
Our call and counter-cry,  
I shall not find Thee quick and kind,  
Nor know Thee till I die.  
Enough for me in dreams to see  
And touch Thy garments hem;  
Thy feet have trod so near to God  
I may not follow them!"

#### Discussion of Mrs. Gilbreth's Address.

CHARLES R. TOWSON, Deering Milliken and Company, New York, N. Y.: This is the best Conference we have had thus far. Next year we will celebrate our tenth anniversary, and at the same time should celebrate the twenty-fifth anniversary of Silver Bay. Let us hit a hard blow!

The reason the Conferences here have grown better year by year is partly because we have made much of the discussion. We grasped a great theme this afternoon: and I think that this Conference is greater than any before, not only in its significant opening with an address by a woman, but because we had a vital theme presented in a masterful way.

SETH L. BUSH, Crocker-McElwain Company, Holyoke, Mass.: I would like to ask Mrs. Gilbreth what the poor struggling small companies can do in the way of psychological tests, when we hire perhaps three employees a month? Must someone in our company become expert?

MRS. LILLIAN GILBRETH: Preliminary work can be done by any organization no matter how small—and small companies can profitably combine to hire a psychologist, each using part time.

D. F. GARLAND, National Cash Register Company, Dayton, Ohio: I would like to ask Mrs. Gilbreth how soon the survey will be completed and where we will get the information.

Also, will you be kind enough to go more fully into the attitude of Europe on the question of work as contrasted with America, and how it may affect the class system?

MRS. LILLIAN GILBRETH: The European survey to which I referred

has been made under the direction of the Twentieth Century Fund, and has been completed by a member of the International Labor Office. The American Survey is, I think, being undertaken under the direction of the Taylor Society. The European survey is completed and is the property of the Twentieth Century Foundation, and I think we may expect that printed and in our hands very soon. I don't know how quickly the American survey will be available.

The European attitude toward work, or the change in that attitude, is indicated by the feeling of many of the Russian and other nobility who have been "reduced" or "elevated" to work, as the case may be, by new conditions: and, if we can trust the articles that come out, they are finding work very interesting. The English people of rank and of all types have gone into work. That may ultimately have a great effect upon class. In talking with factory workers in England, Switzerland, Germany, and Holland, I noticed a growing feeling that work was very desirable, that people really almost thanked the War for the fact that they were all forced to increase production. The only thing they complain about is the lack of markets. Talk about work being undesirable is dying away. What that is going to do to class is that it is going to raise everybody who works in his own estimation. With these two effects and this feeling of likeness and our getting more and more each other's viewpoint, the whole class question will eventually work itself out.

C. F. DIETZ, Bridgeport Brass Company, Bridgeport, Conn.: To have known Frank Gilbreth was an inspiration, and to know Mrs. Gilbreth is an honor. The engineering profession is one of the last that has suffered the incursion of women scientists. But when such women as Mrs. Gilbreth come into the engineering profession we are happy to "suffer." I would like to ask Mrs. Gilbreth whether the new economic thought is really quite new, or is it a better appreciation on the part of industrialists of well known old economic facts? Are we not now better able to interpret economic law with respect to the human factor in our industries than we were a few years ago? *A great deal of our industrial difficulty, so often expressed in terms of turnover and lack of satisfaction, is possibly directly due to our rather indifferent attitude toward the individual* from the standpoint of having him understand what his particular function in industry is. At the beginning of employment, in addition to making these newer tests and analyses you speak of, if we could and would actually undertake to express the purely human side of our attitude toward these individuals and get them into the atmosphere of our institution so that they become a part of us, wouldn't we go a long way toward bettering the situation and bringing about a state of satisfaction?



MRS. LILLIAN GILBRETH: I think we agree that the so-called newer economics is a more general realization of what a few of the pioneers felt were the underlying laws. What I meant to say was that too often economics was learned as a science more or less theoretically, and that the person when coming to apply it lost the connection. Nowadays we feel that we have to study it as we do law and management by the case system, by taking up these relations as they arise in industry and formulating the laws as they cover the situations.

P. WHITWELL WILSON, New York, N. Y.: Has the new application of psychology to industry, planning out precisely what the worker is fitted for, affected British industry to any extent?

MRS. LILLIAN GILBRETH: There are two bodies interested in this sort of thing in England. One is the Institute of Industrial Psychology which is undertaking psychological tests and motion and time study. They are going about the thing in a very careful manner, putting their psychologists into individual plants, for three to five years if necessary. As far as psychological tests are concerned they are doing an excellent job and like the Roundtrees and others are making real progress in this field.

As far as motion and time study is concerned, they are making the beginnings and getting the background. The movement is growing, and people seem to feel that the effect is to raise the worker in his own estimation.

The other body is the Fatigue Board. Investigations in every plant are reported to this board, and probably many of you have seen the publications.

O. A. PHELPS, Fuller Brush Company, Hartford, Conn.: Mrs. Gilbreth spoke about physical examinations. There are a certain number of applicants, apparently desirable, but always rejected by the physician. Is there any constructive program applied to these willing applicants, who are rejected because of physical disability for the jobs they apply for?

MRS. LILLIAN GILBRETH: I think industry is increasingly realizing its responsibility toward not only this type but those who have been in industry and who have become superannuated or handicapped for one reason or another. The Taylor Society and other groups have sent out questionnaires asking various industries what they do in these cases, and what they propose. I presume in time, if enough of us take the thing up, and if we begin to realize that there is a job somewhere for everyone no matter how handicapped he may be, that we can handle it; but I think it is going to take a long time to do that.

SETH L. BUSH: Might I ask, Mrs. Gilbreth, whether you mean only

examinations when the applicant is hired, or do you refer to the value also of physical examinations at stated intervals?

MRS. LILLIAN GILBRETH: I should include stated examinations of all kinds. The physical examination periodically is absolutely necessary. As for such things as tests, so often an applicant is nervous and unadjusted and doesn't do himself justice that all those things have to be done periodically.

CHAS. R. TOWSON: You all know of the Industrial Congress about to be held in connection with the Sesqui-Centennial in Philadelphia and I would be glad if Mr. Trigg, its chairman, would take the remaining moments to conclude this discussion.

ERNEST T. TRIGG, John Lucas and Company, Philadelphia, Pa.: This is my first experience at one of these conferences, and I feel that already I have gained much from the few hours I have had here with you. *The spirit of this sort of meeting is very remarkable. It is simply wonderful and I cannot help but feel, as I look over this gathering, that you are exercising a steadying hand through such meetings as this on the industrial welfare of our whole country.*

## Reports of The Five Sectional Conferences

### I. "Pensions and Annuities."

C. S. CHING, Supervisor of Industrial Relations, U. S. Rubber Company, leader. Report made by Bennett F. Schauffler, Employment Manager, Philadelphia Rapid Transit Company, Philadelphia, Pa.

As to definition, the consensus of opinion seemed to be that a pension was "a recognition by annuities to superannuated employes of the general public feeling that a company should look after its men."

Representatives of the older and larger companies said that recent actuarial surveys have indicated such staggering costs for any definitely organized plan on a liberal basis, that it has been necessary in some cases to curtail the amount of payments.

No agreement was reached as to the desirability of establishing a definite age or period of service determining retirement. The general practice seemed to be to leave discretion in the hands of a committee. On some such committees employe representatives exercise a vote.

Consensus of opinion favored the formal plan rather than the informal action, since a company could profit by its investment through good will from the public and its employes in case of a definitely established plan, whereas an absence of policy would not afford such advantage.

Although the informal arrangement might seem to have the advantage of not committing the company, its discontinuance, resulting in pauperism for old employes, would probably have almost as unfavorable a reaction as the termination of a regular plan. Moreover practically all well-established schemes have a provision for termination at the discretion of trustees.

Emphasis was placed upon the desirability of a formal pension plan as an encouragement to payroll relief by providing for employes who would otherwise be maintained in the plant at a definite loss or considerable hazard to the company.

The comparative merits of "contributory" and non-contributory" plans were discussed with a preponderance of opinion favoring the type of plan which involves some contribution by the employee.

A proposal to purchase annuities from an insurance company was submitted for discussion and questioned on the grounds of tying up stockholders' money at a very low rate of interest compared with that which it would command if invested in other ways.

State pensions were mentioned as a probable development in the near future. In case of their adoption, industry might be called upon to help bear the tax burden involved in addition to the load of existing pension plans.

Since practically all formal pension plans now operative in industry have a provision for rearrangement by the trustee, necessary steps can be taken to adapt them to the situation if or when state pensions become effective.

## II. "Employee Stock Ownership."

SETH L. BUSH, Manager, Research Department, Crocker-McElwain Company, leader.

It was agreed that every employee stock ownership plan should have as its chief objective, the various interests of the employee—financial and otherwise.

Emphasis was placed upon the need for stability in the employee's investment—a consideration that would bar from stock ownership plans many corporations which have not yet come to the time when the investment in their stock would be stable.

There seemed to be a general opinion in our group that, even though the investment is very sound, it is rather a questionable practice to stimulate sales by anything resembling a stock promotion proposition. The preferable way, it was agreed, was to make the acquisition of stock by employes possible in some entirely voluntary way.

Looking at the subject from the standpoint of management, it was



felt that a company's motives for selling stock to employees should always be fair and above-board.

A statement was made during the discussion to the effect that certain corporations have floated stock issues for their employees simply for the purpose of disposing of the stock in an easy manner, without the necessity for paying a broker's fee. We agreed that such an attitude of mind on the part of management should be condemned.

In spite of a few unfortunate cases of the above nature, it was the general opinion that most companies really have a worthy objective in selling stock to their employees. Most of them are seeking to build up an efficient loyal working force by giving the employees a chance to have a financial interest in the business.

It was concluded that any company approaching the matter from the above standpoint, should not expect any definite returns at first, except possibly those that might accrue from interesting the employees in a real thrift proposition. Larger benefits, such as increased loyalty and a keener interest on the part of the employees in the success of the business, would probably come at some later time when the employees realized the larger purpose of stock ownership.

### III. "Making the Best Use of the Present Labor Supply."

T. G. SPATES, Assistant to President, Richard Hellmann, Incorporated, leader. Report made by R. B. Wolf, Wolf and Hill, Consulting Engineers, New York, N. Y.

The subject of this sectional conference was defined by Chairman Spates as making more effective use of human energy. He pointed out that the present situation, because of the shutting off of the large influx of labor from Europe, makes it essential that manufacturers learn to intensify workers' interest in the work itself, by providing conditions which stimulate thinking and, therefore, afford opportunity for the workmen to contribute in a creative way toward improvements in production processes.

Mr. Spates laid down for discussion the following principles:

One, that industry wants greater production in less time at minimum cost.

Two, the factors to be considered are money, machinery, materials, markets and men.

Three, that the coordinating factor is management, and that the job of management is to develop the three-fold nature of man, as symbolized by the Y M C A triangle, of body, mind, and spirit.

It was brought out that greater productivity in America as compared with European countries is due to a number of causes, such as:

The larger amount of mechanical power available per worker.

Greater cooperation between management and men because of less class distinction.

Freer exchange of ideas.

Greater emphasis upon education and training.

At the close of the discussion, the Chairman summarized the outstanding points as follows:

One, that it is essential to obtain facts regarding productive activity.

Two, that it is vital that local conference methods be employed for the interpretation of facts, thereby developing group activity.

Three, that policies should be determined after conference and careful consideration of the facts.

Four, that accumulative records of accomplishment as to progress in carrying out policies are essential in order to sustain interest.

Five, that compensation to individuals should be in accordance with accomplishment, and that this should be not only in the form of monetary reward, but also in furnishing able men with an opportunity to accumulate greater knowledge, increased skill, and creative power.

The last point of Mr. Spates' summary, taken in connection with the last point of his introductory principles brought about a discussion of the three-fold nature of man, and the necessity for consciously developing conditions in our industrial life which will satisfy this three-fold nature.

The physical needs must be cared for.

The emotional nature, which has to do largely with the development of skill and craftsmanship, should be given full play, in order to get real joy into the day's work.

The intellectual nature must be stimulated through the development of means for measuring each individual worker's accomplishment.

It was pointed out that, if the proper environment were provided for unifying the physical, emotional, and mental natures of man, these natures would emerge into a strong spiritual personality, the development of which should be the main aim and object of industry.

It was also pointed out that quantity records stimulate the physical, quality records the emotional, and cost records the mental faculties; the main purpose of management being to create conditions within industry which make possible the development of individual responsibility for increasing quantity of output, improving quality, and lowering costs of production; the results being not only increasing prosperity for the industry, but also lower costs and better service to the customer.

#### IV. "Training for Leadership."

Professor N. C. MILLER, Director, Industrial Extension Division, Rutgers University, leader.

Training for leadership is one of the things foremost in the minds of industrial officials today. It is one of our most serious problems and the only reason why we are not doing more training for leadership is because we frankly admit that we don't know what to do nor how to do it. We concluded in our conference that the preliminary work in training for leadership might be undertaken in our apprentice school. In recent times, whether we realize it or not, we have looked to apprentice schools for minor executives. We hope that the boys will develop into foremen and supervisors. Some of us are introducing courses in economics, others are including human relations in their apprentice program. Others are engaging speakers from outside to exert a broadening influence upon the apprentice boy, because they realize that all of this tends toward better leadership.

Apparently the school system, the whole social system, in this country, is being rapidly developed in a way which takes leadership away from industry. As soon as a boy shows talent for leadership we tend to steer him into a profession.

The next aspect of the subject pertains to the assimilation of technical college men by bringing in a certain percentage of graduates and giving them the proper kind of training.

Foreman training to be successful hinges upon three main issues: first, competent leadership—and I am a sincere believer that leadership comes before all else in foreman training; second, a logical and constructive program; third, a comprehensive plan. Pure foreman training can best be handled within the factory, dealing quite largely with local conditions and practices. On the other hand, if one is thinking of giving considerable inspirational help, and planning a social group to foster better spirit among foremen, then one might better organize a foremen's club with representatives from various companies throughout the community.

Half of the companies engaged in manufacturing on a rather broad scale, are vitally interested in the foreman problem—they want to undertake leadership training, they are uncertain how to proceed, and very frequently when they start something they make very serious mistakes. If one wants a chemical problem analyzed he does not look around to see which foreman or superintendent can analyze it. He calls in an expert chemist. But when some companies undertake to solve the foreman training problem they select someone in a haphazard way and say, "You do this," and he probably has had no background, no educational experience, nothing which would make him competent as a student or



as a leader in foremanship affairs. Unless you are absolutely sure of what you are doing in that important field of factory endeavor, get someone who knows something about it to come in, spend an hour or two with you, and help you straighten it out from the beginning, so you will avoid some of the terrible mistakes which have been made in the past.

## V. Railroad Group.

ROY V. WRIGHT, Editor, *Railway Age*, leader. Report made by J. C. Clark, Industrial Relations Counselors, Inc., New York, N. Y.

In his opening remarks the leader asked the question "Why are railroad men coming to the conference?" The general answer was "To get a better understanding between the executive and the employe." Methods of foreman training used on the different railroads, and the various types of leadership were discussed.

Suggestion systems which provide awards to those employes who make valuable suggestions were dealt with. In this connection it was the consensus of opinion that employes desire *recognition rather than financial reward*.

The afternoon's discussion might be summed up as follows:

1. That foremen's clubs or classes are a valuable aid in promoting understanding and cooperation between management and employes.
2. That meetings of officers and employes would probably show best results if a series of connected talks or lectures covering a period of several months could be arranged in advance.
3. That opportunity for discussion should be offered at every meeting.
4. That suggestion plans have a definite value through recognition of individual employes.
5. The active interest and cooperation of all divisional and general officers is essential to success in work of this kind.

The railroad group was so interested that it met again and unanimously adopted the following resolution:

*"Whereas* the railroad group attending the Conference at Silver Bay, August, 1926, has received a great deal of benefit and acquired a broader vision from the interchange of ideas and the presentation of up-to-date information on the human relations problem,

*Be it resolved:* That this group urge the general committee to provide a larger part in next year's program to human relations problems peculiar to the railroad industry and be it further

*Resolved:* That railroad officers be urged to support next year's conference by their presence and participation in discussion."

# THE PHILOSOPHY OF THE PAYROLL

*Joe Mitchell Chapple*

*Editor, National Magazine, Boston.*



The basis of all right human relations is the payroll. I know it is sometimes popular to sneer at so mundane and material a thing, but the genius of the age is business and the genius of business is the payroll. Like everything else in life, the payroll is subject to constant and intermittent changes, not only as to figures, but in its general aspect. The time was when a payroll was almost a family relation; the employer looked upon his apprentices as sons and daughters; he lived with his people; their joys and sorrows were his joys and sorrows. There may have been some distinction in social caste, but it was scarcely discernible. The time was when the hired man ate with the family, even if he did sleep in the attic, and it was no disgrace for the farmer's son to marry the hired girl. But as things go now "The Philosophy of the Payroll" approaches a status of *quid pro quo*.

As factories grew in size some employers sought to renew personal contacts by an autocratic type of "welfare work." Much of this didn't work, because a thing so tagged has been said to be "the farewell of amicable relations." And it was human to forget gratitude, which continues to be somewhat of an imaginary virtue, even today. There are many radicals who become cynical as to the future of payroll relations, but the age-old theory of syndicalism has had a black eye in the experiment with Bolshevism.

There is more to the man who creates and pays a payroll than may appear down the line. He has been thinking and studying and toiling while others sleep. His job is not limited by an eight-hour day; his work is a continuous performance. The trouble with the labor world today is the inequitable distribution indicated by many payrolls. Yet in my judgment no persons in the country deserve the heroes' laurels more than those who have paid payrolls. They will never be fully appreciated, but they have made two blades of grass grow where one grew before, and have through their efforts built churches, homes, and schools, and have been the initiative productive power of this country.

I recently asked the editor of one of our finest newspapers: "What is the greatest thing in your life in the building of your great newspaper?" And he said: "The responsibility of a payroll!" When any man stands up and says that he is the sole master, and does not recognize the responsibilities of a payroll, he is past hope; for in these days,

we have service to render. We are on the payroll of life, not only six but seven days a week.

*The payroll is a magical elixir which for ages has stimulated the hope of saving and assured the future of millions, free from want. The accumulated savings in the United States that have come directly from payrolls constitute the great financial strength of the country to-day, but nothing is said of the millions and billions that have been lost, and the hundreds of thousands of men who have gone down in the swirl and maelstrom of trying to keep a payroll going. In my judgment there is no class of people who have had on the whole more out of modern life than the working people—they have had their money. That is more than can be said of a large percentage of the men who have failed trying to pay payrolls! And who has ever heard of the persons on the payroll becoming responsible for all the mistakes they make?*

There is no worry in the world like that of a financial worry. A man paying a payroll knows that families are depending on that money. But he also realizes that when he buys a pound of sugar he will get a pound of sugar, but when he buys labor he does not know whether he will get his money's worth or not, as it depends entirely upon the conscientious service rendered.

The gaunt spectre that confronts us all is old age and want. What more tragic thing than the old employe when he receives his blue envelope? He cannot keep up the pace of the payroll; others are coming on to push him out; they are ambitious to get theirs. Some of the cruelties in the labor world today are inevitable. The old bosses want to keep the old men, but they know they cannot go on unless they have younger and more vigorous help.

Imagine a country of one hundred and twenty millions of people which can enjoy long periods when every man and woman who wants work can apply for it, a country where there isn't a child in poverty and where education is an inherent right. Such ideal conditions would obtain all over this country, if there were a satisfactory adjustment so that the surplus of labor in some places could be transported to other places where it is needed.

The great problem of all time has been the problem of distribution. As we increasingly understand the distribution of wealth, the opportunities and advantages, comforts and privileges of life, we approach the ideals that live in the heart of every right-minded individual. There is no desire to see distress or suffering, but there is that law of self-preservation and the protection of the family, which sometimes leads to cruelties and injustice, and which is made the occasion of labor disturbances and social unrest in the world.



The Philosophy of the Payroll, after all, is the philosophy of life, and when the workers and employers of the world are guided by the angels of their better nature, then payrolls will no longer become that ghostly spectre that is associated with old father Time with his scythe searching for new fields to conquer. *Sunshine, prosperity, peace, and contentment are coming when payrolls become honor rolls, and when pay envelopes contain a just and equitable distribution of profits which have come from labor honestly given and benefits worthily bestowed.*

As I faced death recently in an aeroplane, and as I talked with the boys overseas several years before and saw them there on the battlefield, with their faces turned to the stars (and over them seemed to hang the halo of Calvary) I thought, what have I done? What does it matter whether I live five or ten years longer? But it does matter *how* I live and how I die. That is the thing that came to me—how little I had in the Bank of Credit over yonder. How little had I done for others! If we could only get out of the world this green-eyed selfishness, this envy, this thing that goes out and grasps and grasps, forgetting that we cannot receive without the open hand of giving!

We are all on the payroll of Life—the payroll of the great Creator, who gives us food, raiment, and happiness. Are we rendering full service?



*Auditorium Tower and New Wing of Hotel*

# SOME OF THE TAP ROOTS OF HUMAN RELATIONS IN INDUSTRY

*Ernest T. Trigg*

*President, John Lucas and Company, Inc., Philadelphia, (also  
Director, United States Chamber of Commerce and Ex-  
President, Philadelphia Chamber of Commerce).*



In the time given me I propose to discuss with you some of those underlying factors concerning human relations in industry which always escape statistics and exact measurement. We know how interesting and compelling of our respect clear, exact facts about any subject can be. But are there not also some other aspects of any subject, no matter how many facts may surround it, that will forever escape us if we adjust our spectacles too carefully and draw the page too close to our eyes?

So, let us put aside for a little while the more exact spirit of analysis that might be called scientific and take a *longer look* at this very great question of human relations in industry.

That we may get our ideas adjusted to this way of looking at our subject, let me express my gratification with the peculiar fitness of choice that brings us together at this beautiful place. I say fitness, because it seems easier to recognize divine force in the great forests and beside the beautiful lake than it would be if we were hemmed in by city streets. He who would consider human relations in industry should first start thinking about man's relation to his Maker. From that relationship should flow all others. Two thousand years ago beside another lake, the Sea of Galilee, a certain worker in industry, a simple carpenter, laid down the basis truth that are basic to our meeting here; the truth that the way to God lies through the hearts of our fellowmen; the truth that he who would find himself completely must first lose himself completely; the truth that there is not loss, but gain, in loving our neighbors as ourselves.

The Carpenter of Galilee showed us the way. How fumblingly, haltingly and tardily we have followed it for 2,000 years! There can be no question, however, that the light of these truths has guided us increasingly and that we are today closer to the source of that light than ever before.

Out of those 2,000 years, a century and a half seems a brief time, but the 150 years ending in 1926 encompass the whole life-span of our still young nation. The destiny of this youth—America—we can only faintly guess. The mists that gather over the endless succession of

tomorrows grow deeper by distance, but if our future is obscure to the eyes of knowledge it need not be obscure to the eyes of faith. It is by that faith that we must steer our course, and consequently I would like to mention some of the reasons why we should have faith in our industrial future.

First, the mere wording of our subject may be somewhat of a limitation upon our thinking. "Human Relations in Industry." Do we not come closer to the source of truth if we consider this subject as "Industry in Human Relations?" Is not life itself bigger than labor, whether we perform that labor with our hands or our heads? If we are to get at the root of human relationships as they occur within the circumference of our business life, should we not set ourselves the viewpoint that *industry is not alone a way to make a living—but a way to make a life?* If we can start from that point, some other things will begin to fall into their rightful places. We can begin to see the significance of another one of those two thousand-year-old truths, that "Man does not live by bread alone."

In this spirit let us take a backward look at this century and a half of American living—living by business and in business. Out of such an analysis several forces become evident in their effect upon us as individuals and in their formative impress upon American industry as a whole.

The first of these major influences was political. The courageous men who founded our nation broke with the past and fixed for our country its own ideals and objectives. These have had a profound effect upon our business life. In them was cast the mould for a government and a social and business structure in which the individual had equal rights before the law, and freedom within the law to develop to the utmost his inventive, creative ability. As a result, for 150 years, American business has been characterized by daring freedom. Even through our darkest periods of industrial strife, from the presidents of our companies to our workmen at the bench, we have felt the urge to fit into every process of industry new thoughts and new methods. We have ruthlessly forsaken the old to achieve the better new. The spirit of the men who founded our government has been exactly the spirit in which American industry has attacked and overcome its problems. Our forefathers were political pioneers and that same pioneering spirit has been the dominant characteristic of American industry since its inception. It is this spirit of individual freedom and pioneer daring which is bringing as great an advance in human relations as it has brought in the development of our mechanical resources.

The second great force influencing progress in the last century and a half was the expansion of our people to occupy the land. From the



narrow fringe of English settlements along the Atlantic seaboard in the middle seventeen hundreds, wave after wave of immigration threaded its way through almost impenetrable forests, over the mountains and down the streams, pushing before it the American frontier; until at last that frontier no longer existed, and from the Atlantic to the Pacific our land was one.

But these great waves of immigration consumed the energies and the life forces of thousands of our people. In the main their struggle was with nature. There was something austere and primitive about those days of the flatboat, the pack horse, and the covered wagon. Men and women of that period blazed a trail for the expansion of business. It was their destiny in the scheme of things to occupy the land and hold it until commerce slowly developed rude settlements into prosperous cities. The termination of that period came within the lifetime of some of us who are of middle age. The heritage we have received from those men and women is an integral part of American industry. There can be no question but that, generation after generation, their lives piled up a legacy of courage. Their way of life developed a deep and abiding sense of personal liberty that was in itself a continuation of the spirit that led their fathers to write our Declaration of Independence. *With such a heritage how can we expect to achieve industrial peace and harmony except through mutual accord?* The application of external force by court or government can never be a final solution, when Capital and Labor, so-called, are jointly the heirs of these American qualities.

When we come to the third fundamental influence affecting American business life it seems to me that it too grew logically from the period before it. Those early pioneers were lured to their westward journeys by a hunger for land, and the romance of the far horizon. But some of them discovered more than land and found more than great adventure. Opened, chapter by chapter, what a great and fascinating story is found in the record of discovery and development of our country's natural resources. Discovered, one by one, utilized, and applied, they have come tumbling out of the horn of plenty in a diversified wealth, staggering to the imagination. Iron, oil, coal, gas, copper, lumber, water power—these are but a few and then, of course, underlying all, the marvelous fertility of our soil, unparalleled by that of any country in the world. We found that we were a Midas amongst nations and that in our raw materials we had the secret of the "golden touch." In this third great influence moulding human relations we find again a force that is peculiar to our country. And it is this wealth which has determined that we shall be an industrial, manufacturing nation.

I think we were rather drunk with a sense of power when we began to discover the new riches of our raw materials. You, who have read

the history of the early exploitation of our natural resources, know that that record is shot through and through with ruthless selfishness. It developed a type of man as leader who was brutal in his grasp for possession. But that very selfishness often defeated its own end in wasteful competition. The attitude of the period was characterized by a phrase—"The public be damned." It took a generation for the first light of truth to dawn, that the public would always and inevitably have its own word to say about being consigned to perdition. Quite a while ago we crossed over into a period in which it was seen, that if, for no other reason than enlightened selfishness, that slogan must be changed into—"The public be served."

The discovery and exploitation of our natural resources has brought us inevitably into a fourth cycle of business life, the underlying force of which most strongly characterizes American industry as we know it today and as it will probably be for generations. The great wealth of our raw materials was in itself a goad to inventive genius to find ways and means of possessing that wealth more quickly. Men found that their own puny strength was not sufficient—that old methods would not do, if we were quickly to turn all this new raw material into industrial wealth. And so began that fascinating march of mechanical invention that more than anything else distinguishes American business from that of any other nation. Crudely, awkwardly at first, these inventions came into being; at first unrelated in their effectiveness, and some of them having to fight step by step against popular prejudice. But each decade has seen the magic fabric of machines unfold, has seen the gaps filled in and effectiveness multiplied. Transportation, communication, factory processes, the farm, the mine, the home—all are becoming mechanized with the products of American inventive genius. One hundred and fifty years ago we regarded the few machines we had as scarcely more than interesting toys. Men's arms and backs did the work of the world. Our thought about machines has undergone some very interesting changes in this last century and a half. But the growth of the machine was not accepted by all of us with the same meaning. Many believed that labor must organize to protect itself against what was felt to be the inevitable degradation of the mechanical age. And there can be no doubt that the machine did indeed represent to many employers a means for the exploitation of labor. There is still a lingering distrust of too great mechanization of industry. Some of us still regard the machine as an insensate monster we have created and fear that this monster without a soul will become our grinding master. *But we are beginning to see that the machine need be neither our master nor our slave, that it need work no more profitably for employer than for the employed and that its*

*presence in the partnership of business means a new freedom for labor, a greater security for capital, a great efficiency for management, and a larger service for the public.*

There I believe you have the four most significant forces growing out of 150 years of national history. The first two would seem to be more spiritual than material. The formulation of our political government was in essence a spiritual way of looking at things—a desire to establish a nation in which the individual might find his rightful place. The second was also chiefly spiritual, in that those generations of pioneering life brought out in the American business character a courage in attempting the unknown and a fierce spirit of individual liberty which marks out very clearly the course of any progress that can be made in our industrial relations. The last two that I have enumerated—our great endowment of natural resources and our highly mechanized industry—have led to mass production on a great scale.

What are these forces doing to us today? How are they affecting the relations of us human beings as we live our lives in industry? *I think the spirit of our forefathers that expressed itself in the Declaration of Independence and the Constitution of the United States is reexpressing itself in a new declaration of industrial independence and a new constitution of American business that is none the less real because as yet it has not been fully written.* If it has not become a document it is certainly becoming more definitely each year the American way of looking at human relations in industry. We have spent 150 years in proving to ourselves the political soundness of the democratic form of government. We have made tremendous mistakes but we have also made tremendous progress. *Steadily, from the smallest beginnings there has grown up a conviction that what is sound in our philosophy of government might be applied to our philosophy of industry; that industry, like government, is indeed "of the people, by the people and for the people"; that each individual has his right before the law and that the foundation of that law is the greatest good of all of us, not the selfish good of a few of us.*

The spiritual courage and some of the idealistic vision of our pioneer fathers and mothers are working now as we go about to better our human relations, in industry or out of it. Our industrial leaders, yes our capitalists—if you want to call them such, when, for example, the Pennsylvania Railroad has some 250,000 owners—are themselves in most instances men who have inherited the pioneer spirit. We are all too much imbued with this common spirit for any one division—labor, capital, management, or public—ever, or for very long to be "high-hat" in its attitude towards the rest of us. For most of us the question about the standing of any individual easily comes down to this: Can this man



get his job done better than the other fellow? Can he play his part and then do a little more that contributes to the good of all. If he can, he grows bigger, and, obeying the law of gravity, the little men sift down and the big ones are left on top. But in that process we are insisting that it be an actual growth in size for the individual and that the measure of that growth shall be an increase of public service not an increase in ability to grab for self. As a general rule, I don't believe that we are envious of the fellow who goes up in business. I think most men are quite too busy getting on. In that process we are setting up as a working ideal the belief that leadership is justified only by good workmanship and good service. And, if these qualities are present, we do not begrudge the material rewards to any man.

We are discovering that you cannot draw lines through our 110,000,000 people and say these are labor, these are management, these are owners, and these are consumers. We all labor, if we are worth our salt. An evolution has taken place that is dramatic in its significance; the man at the bench has become part owner of the company for which he works and possibly of other businesses as well. As capitalist, workman, or manager, we are all consumers. With this recognition has come a viewpoint which grows clearer day by day. That unless dollars are taken out of the industry by labor, industry cannot take dollars from labor for goods. That if managers or owners of business want the whole range of the consumers' needs and desires to become effective in purchases, they must see that consumers, or at least those consumers on their payroll, can secure the money with which to make these purchases. That may sound like cold business, but it is something more than that. It is good living. And it is something more than that; it is the foundation of a good life. We are already past thinking of a living wage. All of us in industry are actually accomplishing the impossible. We are lifting ourselves by our own boot-straps into a totally new level of economic life. There has never been before in any country so great a distribution of wealth, there has never been so great an ability on the part of millions not only to possess the necessities of life and many of its luxuries but also a margin for savings which insures a protected old age.

We are developing out of the raw resources of our country new levels of wealth. This development is not being carried on in the spirit of exploitation. We are putting science and careful management into service. As these new levels of wealth are opened up, I believe we can count upon the new spirit to insure that this new wealth is distributed more and more evenly; and this will mean a better life for each of us. And, lastly, I think this new partnership with the machine, to which I have referred, is bringing and will bring into our human relations a

new factor in economics which will at the same time be a new factor in sociology.

That great industrial genius Steinmetz once said that we should not too greatly pride ourselves upon the progress we have made in civilization; that we could take pride in our progress only as it was found unnecessary for any of us to work primarily for an existence. That remark was made a number of years ago but I am quite sure that before his death Mr. Steinmetz must have felt that American industry had progressed a long way toward that point. In that direction lies another of our sources of faith in the future of human relations in industry.

Trotsky, the Soviet leader, was recently quoted as saying that the American workingman could never be Bolshevized, because too many American workmen were owners of the business in which they worked, and that every American workingman was at heart a slave owner because of the machines he had working for him. I do not dread this great age of machinery in which we will live out our lives. The machine of itself has no spirit. It can never be vindictive nor malignant, except as we put that spirit out of ourselves and into it. As human beings who think and feel right towards one another, we will find that machines become, as I have said, only our willing partners in these good works.

I have spoken more about the causes of faith than anything else, because I feel that *it is only out of ourselves that any sound and abiding answer can come*. That answer about human relations in industry and industry in human relations will only be arrived at as we exercise that faith, courage, and vision which is the natural inheritance of Americans.

#### Discussion of Mr. Trigg's Address.

HARRINGTON EMERSON, Efficiency Counselor, New York City: I would like to ask Mr. Trigg what he thinks is the chief inspiration of American industry.

ERNEST T. TRIGG: The chief inspiration of American industry in my opinion is our form of government—the philosophy of government under which we live and have our being, the opportunity it gives to the individual for initiative and suitable rewards.

HARRINGTON EMERSON: What would you consider the chief characteristic of sound industrial conditions?

(Members of the Conference mentioned cooperation, the square deal, confidence, prosperity, contentment, human development, universal opportunity, social justice, etc.)

ERNEST T. TRIGG: I should say that satisfied workmen, with sufficient income to live happily and bring up their families properly, and mills actively engaged, figuratively speaking, 365 days in the year, with plenty of sales turnover.

M. J. STICKEL, Y M C A, Long Island City, N. Y.: I would like to ask Mr. Trigg what he means by democracy in industry?

ERNEST T. TRIGG: We have found wonderful success through our philosophy of government which provides unlimited opportunity for the man or the woman who is ambitious and who desires to progress. That same philosophy if applied to industry would be equally good for it, by making available full opportunity to men and women who are ambitious. In other words, let them understand that if they are willing to pay the price of success they can have success.

HOWARD WILLIAMS, Business Training Corporation, New York, N. Y.: I would like to add a word regarding the industrial development in the United States. Mr. Trigg made the statement that we should have industrial democracy in order to have contented and happy people. It seems to me, Mr. Chairman, that we have to go a little further than that. What is the ultimate goal of an industrial democracy unless it be the building of a civilization in which we can later develop a cultured people? Bertrand Russell says that the whole purpose of industrial training and development of men in mills, factories, sweat shops, and railroads, is *to build individuals and give them the opportunity to live a creative life*. Ninety-five per cent of our people are living purely on the material or physical plane of life—getting and spending, acquiring material things. The whole purpose of civilization is not merely contentment, but the opportunity to develop men of complete individual creative freedom. While 95 per cent are merely laboring, a small 5 per cent are engaged in the creative activities of the world—the engineers, poets, dreamers and builders. To develop such creative people should be the ultimate goal of all industrial democracy.

S. F. PULLIS, Y M C A, Passaic, N. J.: I would like to ask what are some of the larger factors preventing proper human relations in industry?

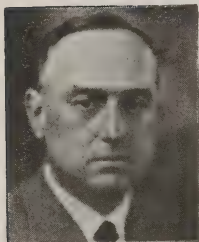
ERNEST T. TRIGG: I think the principal factor (and I am only going to state one because all the rest are collateral to it) is a lack of appreciation on the part of the employer of the employee's needs and ambitions, and a lack of appreciation on the part of the employee of the employer's side. We have got to get closer together. I think there must be more education, and out of that education will come a greater degree of cooperation. It is my belief that there is more responsibility for lack of cooperation today falling upon the shoulders of the employer than upon the employee; because after all, the employer is the one who should have the bigger vision, he is the one who should be thinking in terms of the welfare and contentment of his employees, if only selfishly from the standpoint of his own business success; and when he fails to cooperate, responsibility must be assumed very largely by him.



# AN EXPERIENCE WITH EMPLOYEE REPRESENTATION

*Harvey G. Ellerd*

*Personnel Department, Armour and Company, Chicago.*



Throughout the ages, progress of every kind has been accompanied by strife. Apparently we humans never learn what is best for us, until we have quarreled and at times indulged in a regular "knock down and drag out." We like to think we are reasonable and tolerant, but in truth we are by nature very pugnacious and our inclination is to fight things out rather than reason them out.

Natural inclinations were in the saddle in the early days of the industrial age, which was ushered in only a few generations ago. Those who organized and developed business enterprises were more or less intolerant. Their success proved their ability and judgment, and they felt quite sure of their ground. It was not easy for them to concede that their employees might have views with reference to their conditions of work which were highly important and worth considering, and, on the other hand, the employees were more or less imbued with the belief that their employers had no interest other than their selfish interest.

That was a day in which the supposed antagonism between capital and labor was accepted as gospel. The terms may have been new, but the antagonism was as old as the human race. In its previous forms it existed between the free-born and the slaves, patricians and people of lowly birth, high caste and low caste, master and man, classes and masses. Nearly all of the forward steps of civilization have followed the conflict between these hereditary foes—and nearly every step forward has been a compromise, which might have been worked out in advance, but which under the existing order of things would not have proved acceptable to either side until both sides had struggled to a point where a compromise was essential.

In the comparatively short time since the inception of the industrial age, there have been some mighty conflicts. Usually the issues were befogged but the respective positions were clear cut, and nearly always they could be summed up as "you will" and "I won't." The issues themselves were seldom put under the lens and dissected, so as to determine which were the vital parts and which were not. The accepted practice of the day was "take it or leave it," and reasoning was not indulged in while physical strength could prevail. Might usually made

right, and each group girded itself to maximum strength, always awaiting the right moment to use this strength to its advantage or in retaliation for some previous disadvantage or loss. That the converse could be brought about was doubted, and it is, therefore, not difficult to understand why there should be widespread interest in the plan which has produced industrial peace in the meat-packing industry for several years past and which promises to maintain peace in the years to come.

The meat-packing industry is an important link between the nation's producers and consumers. It serves them both and is the chief medium through which the divergent views of farmers and city people are brought into focus. The farmer, as might be expected, wants the highest possible prices for his products, while the consumer, on the other hand, just as naturally wants to buy things as cheaply as possible. The meat packer occupies an unenviable position between, and is in effect a medium through which a compromise is reached. Seldom, indeed, is an arbiter popular, and I must admit that the business which I represent has had more than its share of undeserved unpopularity.

If time permitted, I should like to discuss that fact further and show that a lack of understanding of the function of the meat packer and of the manner in which he operates was responsible for most of the unpopularity he has suffered in the past, but that is a subject for another time and place. In passing, however, I must say that a great change has come over the public in the last few years and that gradually people are learning that no industry serves them better and at lower cost than does the packing industry.

Standing as he does between the producer, who wants high prices, and the consumer, who wants low prices, the packer is compelled to operate on the lowest possible margin, and this affects the amount of money which is available for wages to the employes of the industry. Naturally, packing-house employes want the best wages and the packer wants to pay the very maximum because of the quality and the efficiency of well-paid labor. *The possibilities are determined by laws of economics rather than by the views of the employers*, for, obviously, when the packers cannot control the prices at which they buy live stock and cannot control prices at which they sell meat, they must make their operating margin cover their needs, rather than make their needs determine their margin. As a general proposition, wages in the packing industry have always approximated the wages paid for similar kinds of labor throughout other leading industries.

It is difficult to compare work in the packing plants with work elsewhere. More or less skill is necessary, but in a large plant it is the kind of skill which can be acquired in a comparatively short time. In certain

operations the nature of the work is not particularly appealing, despite its essentiality. Even so, the industry attracts and holds an ample labor force at all times.

The packing industry has seen a most interesting procession of nationalities. In the early days, the employes were largely English-speaking—Irish, Scotch, and some Germans. Many of them belonged to an organization known as the Knights of Labor, which precipitated and was disrupted by a strike in 1886. After the settlement of this strike, people of Polish extraction came into the industry in great numbers, and a few years later there was an invasion of Bohemians. Another big strike took place in 1894, and with its settlement came another change in the nationality of packing-house employes. This time, Russia and south-eastern Europe provided the workers. Many of them could not speak English; few of them were familiar with American customs. They were easily misled, misdirected, and exploited by self-appointed leaders, and the early part of the twentieth century saw many disputes and much disagreement. Relations between the packers and their employes were anything but satisfactory.

That was the situation which prevailed when the Great War broke. The American meat packers were a much bigger factor in the winning of the war than most people realize. You will remember that the slogan of the day was "Food will win the war." Food in itself could not have won the war without proper and adequate distribution, and it was the meat packers on whom the government had to depend for distribution. The industry knew how to provide meats and had the equipment necessary for getting it to the places where it was needed. A constant supply of fresh and wholesome meat for the armies in France was of equal importance to supplies of ammunition—and more difficult to deliver, because meat is perishable.

Under these circumstances, it was imperative that steps be taken to prevent any labor difficulties which might interfere with the regular movement of meat supplies. Thus it came about that the government appointed an official mediator in the person of Federal Judge Samuel Alschuler, who was charged with arbitrating any grievances having to do with wages and working conditions. Judge Alschuler served in that capacity until the war ended in 1918, and continued to serve until the fall of 1921.

With the end of federal mediation and arbitration in sight, Armour and Company took up this labor problem as it had never been taken up before with its employes, and worked out the details of a plan designed to aid in solving the age-old differences between employe and employer. It is this plan and the manner in which it has worked for some five



years which I have been asked to discuss. Let me preface the discussion with the reading of a letter which J. Ogden Armour, then president of the company, and now chairman of the board of directors, addressed to the plant employees. It carried the official offering of the plan:

"World events of the past few years demonstrated as never before that cooperation is one of the greatest factors in adjusting anything worth while. The meat-packing industry has reached the point where there must be greater cooperation between employers and employees.

"The directors of the company have decided to establish a medium whereby matters of mutual interest to the employes and the company may be discussed and adjusted. To exercise this function properly the employes must learn and recognize the responsibility that the business has to the public and its limitations in the matter of providing for the needs of both its owners and its workers. The success of business is measured by its returns to owners and employes and by its service to the public. No business can be successful which does not serve all three. Disagreement means business failure, no dividends for the owners, no wages for the workers, no service for the public.

"With a view of making real cooperation possible, representatives of the employes and representatives of the management have agreed upon the plan which is outlined in this accompanying tentative constitution. In this, means have been provided for the prompt and orderly consideration of all matters of mutual interest such as wages, hours of labor, working conditions, sanitary and safety measures, etc.

"Any employe who may be selected to serve in any capacity in connection with the operation of this plan, shall be wholly free in the performance of his duty as such and he shall not be discriminated against on account of any action taken by him in good faith in his representative capacity. The superintendent of the plant and the general superintendent have been designated to see that this provision is carried out.

"It is my firm belief that the cooperation which this plan makes possible will be of mutual advantage to employe, to employer and to the people whom we both serve."

The employes thereupon elected representatives, who were empowered to sit down in conference with the management representatives and draw up a constitution governing the relations between employes and management, and providing ways and means for presenting, hearing, and

deciding grievances and disputes of all kinds. The outstanding features of the plan which they adopted and which we now know as the Armour Employees' Representation Plan are:

1. A statement of purpose as follows:

In order to give the employes of the company a voice in regard to the conditions under which they labor, to provide an orderly and expeditious procedure for the prevention and adjustment of any future differences, and to aid in the development of all matters of mutual benefit to the employes and the company, a definite method of representation of employes has been agreed upon.

2. Divisional committees and conference boards for all plants where size and local conditions warrant; the divisional committees and conference boards to be comprised of equal numbers of representatives of the employes and of the management; *the employe representatives to be elected directly by the employes, by secret ballot, and the management representatives to be appointed by the management; both at all times to have equal voice and voting power in the consideration of matters coming before them*; the divisional committees having original jurisdiction in their respective divisions namely, the beef division, pork division, production division, and mechanical division; the conference board having general jurisdiction over the plant as a whole and being the appeal body from the divisional committees; one employe representative on the board for each 200 employes in the smaller plants, and each 300 employes in the larger ones.

3. Representatives of the employes must be actual employes of the company in that division of the business from which they are elected, and all hourly paid employes twenty-one years of age and over who are citizens of the United States and in the service of Armour and Company continuously for one year are eligible to hold office.

4. All hourly paid employes over eighteen years of age, both men and women, shall be entitled to vote, by secret ballot, provided they have been in the service of the company for thirty days immediately prior to election. Terms of office of employe representatives shall be one year.

5. If the service of any employe representative becomes unsatisfactory to the employes of the precinct or division from which he was elected, they may recall him and elect someone else in his stead.

6. On all matters of dispute the employes shall vote as a unit in accord with the wishes of the majority, and the management representatives likewise.

7. If it should become evident that employes and management cannot agree on a decision in any matter, provision for arbitration is made. This provision for arbitration is a backstop which absolutely insures the satisfactory adjustment of any problem. It is an evidence of the

good faith of both the employes and the company and is necessary in any plan which really has teeth and is what it claims to be.

These are but the highlights of the plan which goes into considerable detail in specifying the ways and means for meeting and solving all disputes that may arise between employe and employer.

Any employe desiring to bring any matter before his divisional committee or the conference board may present it to the employment superintendent either in person or through his representative. If the matter cannot be adjusted by the parties directly concerned—usually the superintendent and the employe—it then goes to the divisional committee, and if this divisional committee cannot solve the problem, the plant conference board takes action.

Matters of general or interplant interest go to the general conference board, which meets on call in Chicago and which is, in effect, our supreme court.

The first meeting of the general conference board was one long to be remembered. For the first time in the company's history, duly elected leaders of the plant workers sat opposite the management representatives at the same conference table. It was a new experience for both of them and they were nervous and skittish. They did not as yet know each other. They had not yet learned from experience that the best way to iron out grievances is to bring them into the open.

*The conference board was cosmopolitan, particularly the employe representatives. Among them were common laborers and skilled mechanics, men with college education and men with no schooling, white men and black men, white collars and overalls. In one respect, however, they were alike; they were intelligent and fair minded. They realized that if their conference was successful they would bring about a new relationship between employe and employer.*

In the very nature of things, agreements which are worth anything are reached by concessions from both sides, and every time the employe representatives were asked to make a concession, they had before them the spectre of the rumpus which would be raised by their critics. Nevertheless, they stuck to their jobs like men and drew up the rules and regulations of the conference plan, and these were later ratified by the employes.

Unfortunately, very soon after its adoption the conference board considered and agreed to a wage decrease. They agreed to it just as reluctantly as you or I would, with all the regret and dislike that such an action arouses in a normal human being. But they were convinced that it was necessary; that the business had retrenched in every possible direction first, and the reduction of wages was only asked as a final measure after every other effort to reduce costs had failed to accom-



plish its purpose. Of course, this action made the plan a target for certain leaders who had been more or less recognized as spokesmen for the packing-house employes, even though they were not actively engaged in the packing industry.

These leaders called a strike in protest against the wage cut and some of the packing-house employes responded, with the result that for a few days the operations of the plants were hindered. In Chicago, out of a total working force of 10,523 people, there were absent from work on the morning of the strike just 352. The normal number of absentees runs about  $1\frac{1}{2}$  per cent, so you can readily see that a great majority of the employes stuck by the conference board. There was evident in the strike from the very first a communistic and revolutionary group. They were active in intimidation and were strangers to packing town. Even the former leaders did not seem to know them and were not in sympathy with their acts of violence. As soon as the intimidation was controlled and workers could come and go safely to and from their work, normal operations were resumed. The strike was of short duration.

It was recognized, however, that the success which attended reduction of wages through the action of the conference board was not the acid test. The board had to demonstrate its ability and power to raise as well as to lower wages, and it had its opportunity in the course of the next year. When conditions seemed to warrant it, the employe representatives on the conference board requested a wage increase, whereupon the board directed a survey of wages and conditions of work in comparable industries, to determine the true facts.

The survey was made by joint committees of employe representatives and management representatives. *These men were given time off from their labors and furnished credentials which gave them entree at such plants as they cared to visit. When they finished their survey they recommended an increase of approximately 10 per cent and the board adopted the recommendation and passed it on to the company executives, who made it effective.*

Since that time a survey of wage and working conditions in the large plants is a regular event each spring, and it is worth noting that on at least two occasions the employe representatives themselves declined to support a wage increase request after their survey, without the matter coming to the formal attention of the board.

Incidentally, it will interest you to know that wage rates in the packing industry are above the average. The *Monthly Labor Review* of the United States Department of Labor, issued in May, 1926, stated that the average wage rate of common labor throughout the United States was  $40\frac{1}{2}$  cents per hour. The meat packers' average rate for

common labor is 41.2 cents per hour, the rate at nearly all plants being 42½ cents per hour. The average wages for employes of all classes in the industry, as determined by the same authority, is 48 cents an hour—a figure that compares very favorably with the average for labor generally.

A statement of wage rates as applied to the packing industry is not conclusive as to actual earnings, for the reason that conditions over which the industry has no control prevent steady and even employment. This is particularly true in the departments where killing is done and in those departments which handle the immediate output of these killing departments. Some ten million farmers and live stock raisers ship when they see fit, and as a result there are days when there are a great many more meat animals than the packing plants can handle, and other days when there are fewer than the packing plants require. This uneven receipt of raw material constitutes one of the big problems of the meat packers and tends to bring about irregular working conditions, with alternate layoffs and overtime.

The Armour conference board has approved a plan which guarantees the workers pay for forty hours weekly. This is equivalent to five eight-hour days. An actual eight-hour day is practically an impossibility so far as the meat-packing industry is concerned. In theory we have what amounts to a nine-hour basic day, and overtime rates are so arranged that they permit the handling of heavy receipts without burdensome penalties. Every effort is made to provide at least forty hours of work each week, but the impossibility of so doing is evidenced by the fact that Armour and Company finds it necessary to pay from \$300,000 to \$500,000 per year to employes as guarantees and excess pay for overtime.

Successful working out of hours and wages are only part of the accomplishments of the Employee Representation Plan. *After the big and absorbing problems had been settled to the satisfaction of employes and management, the conference boards gave attention to other matters and led the way in constructive effort along other lines.*

One of the greatest achievements of the conference board was in securing for the employes the privilege of acquiring *ownership of stock* in the company. Approximately 100,000 shares of stock, representing a par value of \$10,000,000, were sold to employes in the plants. These employes are drawing dividends on that stock at the rate of about \$700,000 annually, and those who are closest to the situation predict that employes will purchase stock in ever increasing amounts as the years go on and will in time own a very large share of the business which employs them. It is interesting to contrast this method of acquiring control with the methods advocated by certain radicals.

Another accomplishment of the conference board lies in the introduction of *group life and health insurance*. At the request of the board, Armour and Company purchased a blanket policy with a great insurance company, providing \$1,000 life insurance for male employees and \$750 for women employees. Each policy covers death from any cause and pays to the beneficiaries the face value of the policy. In case of total permanent disability, the full value of the policy will be paid in monthly installments to the employee while he is living. In case of sickness or accident—other than accident encountered in the plants, which are covered by state compensation laws—the health insurance policy provides for payments of \$10 a week to men and \$7.50 a week to women, up to a total of thirteen weeks, and provides in addition free service of visiting nurses, at the call of the employee. For this protection, male employees pay at the rate of 35 cents a week, and women at the rate of 25 cents a week. Armour and Company pays the balance of the net cost as well as all expense of administration.

The conference board secured another substantial advantage for the people they represent—that of *vacations with pay* for plant workers who are on an hourly basis. In the past, vacations with pay were exclusively the heritage of salaried workers. Now, the hourly workers who have been in the employ of the company for five years or longer are entitled to one week's vacation with pay, or—and this is the unusual feature about the conference board vacations—the employee may continue at work and draw pay for the vacation period to which he was entitled. This provision is in spite of the fact that employment is irregular, and that vacations might not be justified purely from the standpoint of the need for rest and recreation.

Very constructive work has been done by the conference board along lines of *accident prevention* and *the reduction of waste*. Campaigns aimed to keep the minds of the workers from wandering away from their tasks have resulted in a considerable reduction in the number and severity of accidents and in the losses occasioned by spoilage of product and supplies through careless handling.

The conference board has proved a *medium for the development of men*. Employee representatives have to win their places in elections. That requires them to demonstrate leadership abilities and to exercise and develop these abilities afterwards, for unless they give satisfaction to their constituents they are subject to recall. Many of the representatives have impressed the management with their fitness for bigger jobs and *promotions have resulted*. Management representatives, too, have been broadened and developed by reason of the conferences that are an integral part of the plan. Nearly every plant superintendent agrees that Employee Representation has made supervision easier. Petty griev-



ances which formerly occupied a considerable part of the superintendent's time are ironed out at their inception and without stoppage of work. The working force itself has *greater stability* than before, for jobs with Armour and Company now appeal to people who desire assurance of a square deal and of their day in court, and the special advantages secured by the conference board.

Primarily, the Employee Representation Plan was designed to solve the problems incident to wages and working conditions, but with these solved and with the machinery existing for meeting new problems as they arise, the conference boards are able to give more and more of their time to constructive effort along less controversial but nevertheless highly important lines. In the five years during which we have enjoyed Employee Representation in our plants, we have come to believe that it is thoroughly practical and thoroughly satisfactory, both to employes and to employers. Started as an experiment, it has demonstrated its practicability, and there is greater cooperation and better feeling today between the management and the workers than ever before.

We feel that we have made a step forward and that strife and bitter conflict are getting further and further away, and we have reason to hope that through Employee Representation harmonious working conditions will constantly become more secure through "the rule of reason."

### Discussion of Mr. Ellerd's Address.

W. J. MILLAR, General Electric Company, Bloomfield, N. J.: I agree with Mr. Ellerd's statement. We have tried the same plan since 1918 and it has been consistent all the way through.

DR. A. E. SHIPLEY, Knox Hat Company, Brooklyn, N. Y.: I want to back up what Mr. Ellerd and Mr. Millar say. We started our plan in 1919 and we believe it is an intimate part of our business. As Mr. Ellerd said, it must pay. It must consider working conditions, matters of production, and education, as the keynotes. Our group conferences offer opportunities to meet the questions raised by the employes, concerning conditions of work, production, finances of the company, and all problems, in a very practical way. I might say also that at the present time we have 155 employes who for the past eight years have served at one time or another on the council. Think what that means as a haven for education. And it is our policy to bring employe representatives to this Conference the same as the Tidewater Oil and other organizations.

F. H. STANSFIELD, Bridgeport Brass Company, Bridgeport, Conn.: Our experience has been similar to that of others. We have had a plan in existence for eight years now and find it has worked out very satisfactorily and has been of great assistance in carrying out an educational program with the workers.

R. C. McCARTHY, Rockland Finishing Company, Garnerville, N. Y.: Every speaker since Mr. Ellerd has intimated that the plan is successful, and I am afraid the crowd will get the idea that it is 100 per cent. We now have the Employe Representation plan in effect but we have some problems. It is not perfect by any means and yet we wouldn't admit that it is unsuccessful. I am wondering what cooperation you get from the foreman in your plant. Do the foremen have any resistance to offer and why? In our own plant once in a while we run across a foreman who feels that the employe representative has too much authority. If a problem comes up, and you don't go to the foreman with it, but to your superintendent or board, it makes the foreman sore. Do you find that in your plant?

F. H. STANSFIELD: In our concern we make it a practice to have all problems reported to the foreman first, and if they do not receive action immediately then they are taken up with the committees.

HARVEY G. ELLERD: I attempted to make that point in my paper. It seems to me it would be a serious thing not to give the foreman the opportunity to adjust a supposed grievance in his own department before submitting it for consideration by any of these committees. And we always do it. Probably there is an influence brought about through the existence of these plans that tends to make foremen even more careful and considerate in their decisions. I have always illustrated it to the employes by saying it is like a policeman on a beat. He may walk the beat for years and have nothing to do, but the fact that he is there might restrain somebody from some unlawful act, and so with the existence of these committees and conference boards. They may cause cooler and better judgment to be used in affairs.

DR. A. E. SHIPLEY: Our foremen are the representatives on our council. Our council is a staff organization, and the foremen have regular orders from the superintendent; and things must come before the line organization first.

R. C. McCARTHY: In cases where you lowered wages 10 per cent, Mr. Ellerd, and your employes' board passed favorably upon the reduction—what was the attitude of the employes who elected these representatives after they had attended the meeting and accepted the cut?

HARVEY G. ELLERD: The representatives naturally had a difficult time explaining an unpopular action, but they were fortified with the material which they had received in their conferences and when they showed it to the average worker he couldn't do anything but say, "You did the only thing that was left for you to do." The fact, too, that so few responded when the strike call came, indicated to us that they were in sympathy with the action of the representatives.

M. J. STICKEL, Y M C A, Long Island City, N. Y.: What would have

been the next move in case the employe representatives had declined to accede to the reduction?

HARVEY G. ELLERD: Well, that is like considering a lot of things that do not happen. We do have this arbitration provision in our constitution which might have been resorted to.

M. C. MAXWELL, Yale and Towne Manufacturing Company, Stamford, Conn.: We have had an industrial council established substantially along the lines of the Armour Company for about seven years. The plan from the management point of view, and I am sure from the employes' point of view, has been most successful. We have handled problems of wage reductions in substantially the same way that Mr. Ellerd has stated that Armour has. When the time came, shortly after the Armistice, we brought our industrial council into consultation and presented all the facts that were in the hands of the management in relation to the economics which control the necessity for wage reduction. We took great care to see that these facts and figures were thoroughly understood by the members of the council, and we were rewarded by the fact that by their own volition, emanating from their side of the house, they moved and passed a resolution that wages should be reduced 10 per cent at that time. The wage reduction went into effect and while it was regrettable and we disliked it, it was unavoidable and accepted; and we believe a great problem was solved by that medium in presenting the facts to our employe representatives.

Another fact that we regard as beneficial in the use of our council was touched on briefly by the gentleman from Knox Hat Company, and that is the educational feature. The term of office of our employes is six months. They may be reelected, but we have some twenty or twenty-five representatives who every six months go out into the plant and who have been educated in the problems of management. One of the great reasons why industrial strife has existed in the past is that the worker doesn't know the other fellow's side of the problem. He doesn't know the problem that confronts management. He doesn't understand the financial end. He wants to know that the payroll is coming, but he doesn't know where it is coming from. He thinks that management has some God-given power, so that all it has to do is to shake the apple tree and the money comes. He doesn't realize that we have competition and troubles with service. But by means of this education that we make a feature in our council, bringing these twenty to twenty-five employes in and making them cognizant of these facts, they go out into our shop and teach our people, and they have a broader point of view of those great problems.

Disputes must always be referred to the regular organization. They go to the foreman, and if not settled there, they go to the department



superintendent. They may go to the industrial council, but proof must be furnished on any question, that it has been through the regular channels and has not been satisfactorily settled.

G. B. COMFORT, Schramm, Incorporated, West Chester, Pa.: The principal comment I would make from experience with a committee proposition which was not satisfactory, is that it might fail because of the dominance of the managerial side.

J. M. GROVES, Y M C A, New Haven, Conn.: At Dennison Manufacturing Company, the works committee, which is rather large (sixty representatives), meets by itself and discusses problems and proposals. and if any subject passes the works committee it then goes to the conference committee. There are some dozen conference committees in which the management and men are equally represented.

I would like to ask, in the light of Mr. Comfort's remark, and the experience of Armour, if there is any feeling on the employees' side that the men are at a disadvantage in sitting on a conference board which, I understand is a direct board, with management and men both represented.

HARVEY G. ELLERD: It is advantageous for them to meet jointly for they must keep open-minded. Under our plan members of either group can retire from the meeting and meet separately if they wish to formulate their own plans. That, however, has not been availed of in a long time, and I am decidedly opposed to a plan where one group meets separately and starts an action, builds up something, and then presents it to a group for the privilege of tearing it to pieces.

I am convinced that the right way is joint action and discussion where each side can listen and participate.

PROFESSOR H. B. HASTINGS, Yale University, New Haven, Conn.: I understood Mr. Ellerd to say that under his plan the employees were required to vote as a unit. Is that correct?

HARVEY G. ELLERD: Yes.

PROFESSOR HASTINGS: Is that as wise as some plans such as the Pennsylvania, which provides for individual voting, but requires a two-thirds majority? I wondered if your experience was in favor of requiring the employees to vote as a unit.

HARVEY G. ELLERD: The vote of the employees is fixed by the will of the employes, and cast as one vote. Just so is the vote of the management, and that is very successful. There is never the opportunity for charging that an employe representative has been subsidized by the management, or is incurring favor of the management by voting with the management representatives. I think the unit voting system is the greatest protection for employe representatives that they could have.

N. L. RAMSEY, Joseph Reid Gas Engine Company, Oil City, Pa.: To what extent is this plan used in smaller plants?

M. C. MAXWELL: I think one of the reasons why this plan has been so successful in the large plants and has not been applied in the smaller ones, is the fact that the management in a small plant can get in personal contact with the men, and know them and their troubles, and can analyze them, and solve the difficulties as they come up. In our plan the employe representatives elect a chairman among themselves. That chairman has the privilege of calling together at any time his own associates and talking over privately the problems which concern them, and representing them to the regular meeting of the council for general discussion.

CHAS. R. TOWSON: Has management made its case? Have we any cases where it has failed?

M. J. STICKEL: I was called in to consult with an organization on Employe Representation. They operated for two years and gave it up. I recommended that they give it up because I felt that it was only fair they should. They had a fundamental weakness, that they had organized distinctly and directly to prevent unionization of their men. I felt it would be impossible to carry it out on that basis.

J. C. CLARK, Industrial Relations Counselors, Inc., New York, N. Y.: I recently heard Dr. Leiserson of Toledo give figures; as near as I can recall his statement, it was that there had been some 300 failures in employe representation plans, and there were now about 1,500 such plans in operation. That survey covers a period since 1917. I am not sure of those figures, but they are approximate.

The gentleman from Yale and Towne Manufacturing Company claimed that there was a lot of value in the education of employes in the problems of management. I would like to hear what he has to say about the reverse of that proposition. Has there been value in educating management in the problems of the employe?

M. C. MAXWELL: Decidedly. It has made them see the other fellow's point of view and has been equally successful on the side of educating management in broadmindedness and getting down to human, man to man contact.

CHAS R. TOWSON: How many have found these plans have been educational to both sides?

. . . Almost unanimous . . .

MEMBER: As to the percentage of employes voting for the representatives, is it as large now as at first?

HARVEY G. ELLERD: Larger than it was at the beginning; and in every plant outside of Chicago we can count on 98 per cent perfect ballots

being registered. In Chicago, at our last election in July, 93 per cent of the people voted.

DR. G. H. TALBOT, Presbyterian Church, Passaic, N. J.: I would like to ask if the workers are allowed to have anyone advise them who is not employed by the company.

HARVEY G. ELLERD: Do you mean advise them in the conference room?

DR. TALBOT: At any time.

HARVEY G. ELLERD: It is immaterial where they go or who advises them. We do not permit people in our discussions who are not employes.

DR. TALBOT: You wouldn't permit the workers to have anyone in there to frame their thoughts for them?

HARVEY G. ELLERD: Not in the conference room.

DR. TALBOT: Do they feel at any disadvantage because of that?

HARVEY G. ELLERD: They do not seem to feel so, and I have not observed any disadvantage. Most of the men express themselves clearly and are fearless, and I have seen management representatives at a decided disadvantage in a good many debates.

DR. TALBOT: The point I was trying to raise is this: There seems to be a great objection to the "company union" idea on the basis that although the worker might have as many votes, yet he has not the mental capacity to sit down and argue with the man who has the facts and figures. The workers feel that, and say, "We can't argue with you. We have to take it. But if we knew as much as you do we wouldn't feel as you do about it." And that is the trouble with the strikers in the city of Passaic at the present time.

H. A. MARR, Federal Shipbuilding and Drydock Company, Jersey City, N. J.: I would like to ask how the nominations are made?

HARVEY G. ELLERD: A list is posted in every department of every eligible employe, and from that, selections are made for nominations. The two persons getting the largest number of votes have their names placed on the election ballot, and then the one who receives the largest number is elected.

MEMBER: Any politics?

HARVEY G. ELLERD: Plenty of it.

J. J. McGRATH, Tide Water Oil Company, Bayonne, N. J.: Tide Water has had a works council plan of industrial representation for five years. It has been very successful. The resistance of the foreman was one of the questions brought up. They are human and when our plan was put into effect there was a slight resistance, but as they studied it, and, as time went on, that resistance was wiped out.

JAMES A. EMERY, National Association of Manufacturers, Washington, D. C.: I am impressed with this freedom of your forum here and



the myriad of interesting speeches that are contributed by a wide variety of diversified outlooks. In this interesting discussion this morning you are talking about employe representation and stock ownership, which are experiments in modern industry—for they are experiments and ought to be recognized as such—and we ought not at this stage of the discussion to ask whether or not an experiment has demonstrated its success, so that we can say permanently that this or that particular plan is the panacea for industrial ills. There is none.

Human nature will remain the same as it has during the period of man's life and we will continually make experiments in improving our relations with each other; and anything that makes for better understanding between men in the most delicate of all relations outside the family—that of the employment relation—undertakes to produce sympathetic understanding in the cooperative task of successful production, is a good beginning. We have a record of 800 plans of employe representation. Some of them work very well. Some of them do not work as well. But there are all sorts of variations in the human beings who are engaged in performing the tasks. All governments do not work equally well. If you ask the average man if he is satisfied with his city, his county, his state, or his national government, you will get a variety of answers. And if you look over the social life of the world you will find that government succeeds with great difference in success everywhere, and people are profoundly dissatisfied with many forms of it. Some do not want any at all. Colleges fall out, and churches have dissent in their midst.

Mr. Ellerd said that 98 per cent of those who are to select representatives vote in the Armour plant; and only 42 per cent of those who select a President for the United States voted in the last election, and only 26 per cent voted for Congress, among the qualified voters in the United States, two years ago!

So we are getting a very fair range of success, and if we compare it with other methods of cooperation between employer and employe, it is standing a remarkable test, and we ought to say, "God bless the experiment and may it go on with a diversification so characteristic of industry."

H. PARKER, Y M C A, Passaic, N. J.: Does the management of Armour and Company regard its plan of employe representation as simply an expedient, or is it an expression of the heart interest of management in the welfare of the employe? Does management want the employe to have a fair chance at all the good things in life, just as it wants for itself, or is this simply a mechanical device?

HARVEY G. ELLERD: The answer is perfectly obvious, I believe. The

management naturally wants to assure every employe of a fair deal and provide the vehicle through which that can be secured.

H. G. TRAVER, Traver Engineering Company, Beaver Falls, Pa.; Do any of these concerns have employe representation on the board of directors, which is the institution that controls most corporations?

F. J. KINGSBURY, Bridgeport Brass Company, Bridgeport, Conn.: We usually put the general works manager and general sales manager on the board of directors. They are properly employes.

HARVEY G. ELLERD: Procter and Gamble Co. has two employes on the board of directors. The average employe does not want to bother with matters that concern the board of directors.

MEMBER: Speaking for the Brooklyn Rapid Transit Company, we have two employe representatives on the board of directors. Up to this year we have had one.



*"All Aboard for Ticonderoga!"*

# COOPERATION AND PROGRESS IN MODERN INDUSTRY

*James A. Emery*

*General Counsel, National Association of Manufacturers*



I have attended many conferences in many countries connected with many phases of industry, but none where the personal factor was more charming, nor where one felt in so brief a period that he found in the face of every stranger the features of a friend.

I should just like to lay before you a few facts and reflections which I hope may be worthy of some consideration in your future deliberations. First of all, I think that in all industrial discussions we are the victims of a characteristic American quality—we are hasty and impetuous. We live in an age of speed. Indeed, we move so fast, that we are often blinded by the dust of our own-progress. It is difficult to see clearly what is going on about us. And we have a peculiar and characteristic American desire to get answers to any problem quickly and give them immediate effect. That is responsible for a good deal of the legislation written on our state and national statute books. Sincere people become possessed by what they believe to be a valuable method of benefiting others, and sharing Mark Twain's view that it is easier to reform others than themselves. A and B decide to try out on C their idea and secure political assistance in doing so. Impatient with the slow progress of education and moral training, they desire to use the power of the state as a means of immediately bringing about new conduct by statute; and having passed a law, they retire, satisfied that the reform has been accomplished.

So, too, in conferences dealing with any one of our great social problems, we are sometimes anxious after discussion to adopt a resolution, and thus settle the problem. It has been said of many American organizations that they are notable for their capacity to adopt resolutions on important subjects, and adjourn.

*Industrial relations are not so peculiarly apart from our other human relations, that they have to be handled with unique detachment. Our industrial relations are the relations of men with each other in the world of productive industry. Despite the cynic's remark that "business is a mere taking of profit," it is, after all, the great field in which all are engaged in various efforts to gain a livelihood, and in which, in that famous phrase of Jefferson, they "pursue happiness." They must find it there in the performance of their task and the gaining of a living.*



The first great material task of an individual or a society is to gain a living. To do it, one must win a contest with nature—the greatest contest in which men have ever engaged, a contest that has aroused the thought and anxiety of all generations. If we follow the fortunes of our race, we recall that period between the Norman Conquest and the Industrial Revolution, when for five hundred years the population of England gained little more than 50 per cent, and there was dark foreboding among philosophers as to whether that little island could support a more abundant population. Life was a contest for subsistence. The forces of nature were so powerful, so difficult to overcome, and man's effort so puny, armed as he was, that we had the dark philosophy of Malthus, who thought it necessary to decimate population to save the future of the race. Then within a brief period, indeed in the seventy-five years that followed the first applications of steam, the population of that little Island trebled. What had done it? The very forces that aroused the superstitious fears of our ancestors were being made the handmaids and bondslaves of the day!

No more appropriate place could be chosen to consider the circumstances which have fashioned American industrial civilization and created the operating principles that have developed our modern life and established our conscious, as well as the roots of our unconscious, cooperation, than here beside this lake which was the accepted pathway of colonial movement; here by this romantic highway where the destinies of a new empire were determined by a people fashioning the stern, strong stuff out of which a new race was to be made, while Europe's politicians were blind to the possibilities of this great continent as an outlet for their superabundant population or a new source of wealth.

How difficult were our forefathers' lives at the beginning of American government! The Colonies had won political independence, but were in abject economic servitude. Pitt had said that the Colonies should not be permitted "to make a hobnail or horseshoe for themselves." They possessed no industry, in the rudest modern sense of the word, only the little handicrafts of the village. They were fishers, farmers, and rude artisans without even the beginnings of those discoveries that were to lay the foundation of England's industrial supremacy. By act of Parliament the first discoveries of applied power to the textile industries were kept from them, and it was an offense to export a blueprint or permit an artisan to leave the mother country.

In the period between Yorktown and the adoption of the Constitution, the American market was flooded with goods which took out of the Colonies the last dollar they possessed. The Colonies, once standing shoulder to shoulder in the struggle for political independence, were falling apart in the economic conflict. There were hours in that "critical

period of American history," when Connecticut, New York, and New Jersey were on the verge of civil war. Out of those first attempts in that old house which still stands in Alexandria, to compose the boundary differences of Maryland and Virginia, came the serious consideration of the conflict of economic interest and the necessity for greater unity, which laid the foundations for the Constitution, gave us the form of a nation, the free flow of commerce within our borders, and the security of an ordered commonwealth, predicated upon two great fundamental principles, that have been the impelling, driving force of America's material and spiritual life, the motive power of her idealism, and the very fundamentals of her moral being. These principles are, first—*the worth, dignity, and nobility of the individual, a soul created by an Almighty Master, and placed here to work out his temporal and eternal salvation, the recognition that the individual is the dynamo of material progress.* Second, *the fact that with the diversified talent with which Divinity had endowed his creature, he could not work out his own temporal salvation without contributing to society, and the more freely he was permitted to express himself, the more certainly he would find his temporal salvation and make his continuing contribution to the State in the endeavor to better his own condition and provide for his security and that of his dependents.*

Upon that philosophy, economic and moral, we fashioned the American State. At the end of the five-year period that followed the adoption of the Constitution we find the gloomy Washington, who had said "We are fast verging on anarchy and revolution," declaring that never in so brief a time had so much material prosperity come to a people. Because, with the adoption of that idea cast into the mold of a limited government, under a written Constitution, carefully prescribing the power of political agents, we gave a new hope for the human heart, a new direction to human purpose, a new security to the fruits of human effort. James Madison wrote the economic foundation of American life when he said in *The Federalist* that the true purpose of government as we conceived it was to protect and promote the varying and different capacities of men to acquire and employ property. He was no worshipper of "property," but he recognized property as the fruit of effort, as an extension of personality, as all that guarantees security against the future and without which no man could be truly free. Tolstoi at a later date said, "Property and liberty enter the heart of the peasant together." Upon that rock Socialism has split.

What a picture it is, the progress of this young society! With little encouragement and vast obstructions, it fashioned the beginnings of its economic life! Within fifteen years the echo of Fulton's whistle

startled the Palisades. Within another fifteen years, the first locomotives were frightening the farmer's horse along the highway.

When the Constitution was adopted, the Collector of His Majesty's Port of Liverpool reported to London that less than five hundred bales of cotton were raised within the Colonies in 1789. It took thirteen hours of the labor of a slave to separate enough lint from its seed to give us a pound, until the genius of Eli Whitney fashioned the gin and laid the foundations of the kingdom of cotton, the economic power which was to threaten the very security of the Union. Then another ingenious Yankee, in the very moment when the fates trembled in the balance, released hundreds of thousands of men to Abraham Lincoln, by inventing McCormick's reaper. For the first time in the history of the Civil War, the people exported a surplus of food.

In the meantime one invention after another was enlarging the foundations of American manufacture. In the very moment when Hood's pathetic "Song of the Shirt" was discussed in London drawing rooms, a gaunt, half-starved New Englander in a Harvard garret was writing the revolutionary music of the sewing machine. From improved machinery to new applications of power, and the foundations of mass production, with Whitney and Colt in New England, we were laying the beginnings of an independent American economic life. Side by side with these developments were contemporary achievements in administration and management, equally necessary, that the suggestions of the inventor might be applied through the factory to the common uses of the people.

There steadily developed a new partnership between mine and field, forest and factory, that found in those rude beginnings that which was to take raw material and fashion it into things to meet the convenience, need and luxury of men. Even in that period before the Civil War, there were beginnings of unconscious cooperation, a new realization of the value of multiplied production, a steady endeavor on the part of states to encourage the inventor.

But factories were small, communication slow and uncertain, power but rudely applied. We had not yet learned to turn the night into day, but had established crudely and roughly, the foundation of the great basic industries we now possess. Then within the great armies of the Civil War, men learned to fight and work together in numbers under executive direction. Then we began to destroy Webster's great illusion that our country was so vast, our distances so great, that integration was impossible. Transportation, the handmaid and servant of industrial production, with the aid of the inventive genius and the manufacturer, began to extend the dominion of communication and bind us into a geographic and social unit.

Then came that period when the new thought of associated oppor-



tunity expressed itself in those rapid corporate developments that marked the trust era, when some men, dissatisfied with the ordinary operation of economic law, undertook to become its master and arbitrarily control the flow of production. It was a period of such quick advance and many were so immersed in the doing of the task, that they gave little heed to its moral aspect or economic consequences.

Then it seemed as though the Great War turned us in upon ourselves. It is impossible, of course, to give anything like a comprehensive survey of that transition period. A nation of one hundred millions found itself not by law but by spontaneous voluntary action, enduring self-restraint and self-denial, unnatural to a people living in bounteous plenty. And this left its abiding impress upon us. There were many other influences, of course. But we can easily trace in the startling changes that have taken place, in the intensive study of our industrial problem in terms of enlightened self-interest, the self-denying influence of war sacrifice.

We discovered, also, the difficulty of determining what were the essential things in production. We learned a new sense of our dependence upon each other. We found that the things which appeared to be remotely connected with us were nevertheless highly essential. When men declared that "goods won the war," or "bullets won the war," or "machines won the war," or "food won the war," they were but suddenly recognizing and expressing a newly perceived interdependence.

Now it is very easy to become the victim of words; to resolve the great problem of employment relations into a mere contrast between abstractions, to call it the conflict of capital and labor. That is a great misnomer, because capital is nothing but canned labor. It is the labor of the past accumulated in the form of some fruit of human effort—materials, goods, structures, machinery—wealth in all its forms, least of all money. All the accumulations and savings of those gone before are the common inheritance of all who come after. Every infant who enters this world finds himself the joint heir of the accumulated effort of the past—its invention, art, literature, education, everything—and it is for him to make himself its master. But on the economic side he is either the heir or the victim, as his predecessors have planned well or badly. The quality of life that any people may lead is determined by their mastery over nature, their capacity for production, that alone gives them a continuously increasing surplus; and that surplus over and above what they consume we call capital, in all the forms which it may take. *To speak of the relation in the world today between those engaged in managing and those engaged in working under their direction as a battle between "Labor and Capital" is a paradox, unless you mean that labor is fighting itself in its canned form, that it is turning its hand*

against the one thing that can secure its future, increase its earning power, enlarge its life, and make greater its capacity for social enjoyment. For, "capitalists" are not merely wealthy men. *Every man is a capitalist who spends less than he makes.* There is no greater contribution to our social problems than to help make "capitalists." America's greatest gain is the fact that never before have we had so many who enjoy a broad margin above need and expenditure.

While we are getting very melancholy about the number and complexity of the problems that follow in the train of this enormous progress, we must recognize them first of all as a part of the price of that progress. You cannot substitute a complicated for a simple life without creating problems. You cannot substitute an interdependent industrial civilization for an independent agricultural civilization, without the difficulties that necessarily arise out of the dependence of the parties in the new state which they have created. And that is the great transformation that has taken place with us. The world of Napoleon was one of independent, self-sufficient, agricultural states. The world of today is one of interdependent industrial states. Each of us goes about his daily task in the confident expectation that every other man will perform his. For the food that is served upon our table may come from hundreds of miles, the clothes on our back, the comforts we enjoy, the services upon which we are dependent, the materials out of which our industry is to be carried forward, the fuel or power required—all the activities of daily life carried on within the confines of any great city, represent the continuing contributions of hundreds of thousands of human beings operating in farm, field, forest and factory.

When you suddenly interrupt that flow you are startled to find that it is more fatal to a city than a belligerent army. When we learn interdependence we learn the necessity for cooperation. *You cannot operate a civilization like this without continuing cooperation. It is the foundation of its present; on its development rests entirely the security of the future.*

I could refer to the fact that we are producing 64 per cent and consuming about 57 per cent of the world's steel; producing 54 and consuming about 53 per cent of the world's iron; producing 43 per cent of the world's coal and consuming 42; almost the same proportion of the world's timber. We are raising 67 per cent of the world's cotton and fabricating 37 per cent. We own a majority of the railroad mileage of the world, and any one of America's large cities possesses more telephones than a European principality. We have done this with 7 per cent of the world's population.

But the most extraordinary example of the material wealth of America is the startling economic fact suggested by the American Automo-

bile Chamber of Commerce, that we have developed a system of private transportation in which we have twenty million users of automobiles, who, it is estimated, spend seven hundred dollars a year, on an average, for the mere upkeep of a car. That is fourteen billion dollars, to operate a private automobile system, and it provides a very mobile labor force. We have a new army of Arabs who can fold up their Fords but cannot "silently steal away."

One of the most helpful things that has come with the complexity of our industrial life is *the necessity, whether men like it or not, of taking part in others' problems*. If moral considerations do not impel it, enlightened self-interest does. The tasks of production as they become more complex require constantly a more complete understanding of their character by the parties who participate in them. Human experience in terms of history indicates that no institution endures in which there is not a body of beneficiaries to support the institution. The right to own property, and its protection, never endures among a people who have little chance to possess it. As you widen the base of opportunity for acquisition and improvement of conditions, you make more secure the foundations of the institutions that rest upon it. And *one of the most striking characteristics of this period since the Great War is the growing habit of investment and the diffusion of ownership among the American people*.

I apply that not to workers alone. When you consider that within ten years the amount of savings banks deposits has increased from a little over eleven billion to more than twenty billion, that the number of depositors has increased from slightly over eleven million to over thirty-eight million; when you realize that in 1925 there were more than sixty billions of life insurance in the United States among eighty-three million policyholders; and that within the year 1926 for the first six months new life insurance has been written at the rate of almost one billion a month; when you realize that your Building and Loan Associations, within a ten-year period, have grown from a membership of little more than three million to more than seven million, and their assets have increased from a little over one billion to more than four billion; when you discover that money loaned through these great trusteeships in insurance means that where the money lies the ownership follows; that forty-five million owners or holders of life insurance policies represent, in the opinion of actuaries, some forty-five million underlying owners of the properties against which loans are made—when you realize these facts you see a new stability in human life, a steady tendency toward home building and home owning, thrift and saving as fixed characteristics.

I don't think that just because it is wise for an employe to invest



that he should necessarily become the owner of stock of the plant in which he works. No employe should ever be encouraged to invest in stock the future of which is uncertain. Any increase of employe ownership of stock that is followed by recessions and losses will only be discouraging to the idea of investment itself, and redound to the injury of relations between employer and employe.

Dividends representing the profits of American business corporations are being distributed in increasing volume and proportion to those possessed of small incomes. One of the most interesting suggestions made from a study of income tax returns is that in the year 1917 those with incomes of five thousand dollars and under were receiving about 9 per cent of the dividend distribution of the United States. In 1923 they were receiving about 23 per cent of the total dividend distribution of the United States. On the other hand, the returns in the same class from interest and rents were increasing both in volume and proportion, indicating the widespread investment by wage earners. That may be said with still greater emphasis regarding the middle class, up to the twenty-thousand-dollar income.

Brokers tell of an enormous diffusion of bond investment, greater than has ever been known in the history of this country. There is evidence of increasing home construction and ownership, as well as of diffusion of stock. It has been estimated that in 1900 there were perhaps four million stockholders in American business corporations; by 1922 the number had increased to the neighborhood of fourteen million, and is now approximately twenty million, with a fair allowance for reduplications!

Now that is placing a very remarkable body of investment at the foundation of American life. It is establishing the certain means of continuing cooperation, because where a man's interest, there his heart is. *Given a nation of home owners and stockholders and property possessors, and you have established with certainty the continuing growth of a body of men who adhere firmly to those fundamental principles upon which this system of society is established.*

And after all, isn't the great problem, in the field of industrial, social or political relations, the perpetuation in the everyday life of our people of the fundamental principles which represent the ideals and dynamic influences, that have driven American life to its success, idealism, and capacity for service, not only to itself but to others?

It was the French peasant who drenched the soil with his own blood, because he was the owner of France, because out of his savings half the states of Europe had fashioned fiscal systems. He was fighting to the last for what he owned. Yet, those men who died for their soil were the lineal descendants of those who carried the torch to Versailles.

John Jaques Rousseau declared that "property was robbery", and such teaching once threatened all ordered society. But possession transformed and stabilized the French people. It gave them an abiding interest in the land they possessed. And every man who helps another man to save and to invest safely, and to accumulate capital is building better the foundations of what we term a capitalistic system. Here there is little inherited control of industry, and even the inheritance of an industry is no assurance of capacity to direct. *There is no wealth so rapidly dissipated as industrial wealth in incompetent hands. Management that cannot administer soon ceases to own.* While land may be handed down through generations, and men may live on its increment and the interest of its rents, the possessors of industrial wealth must be capable of administering their inheritance or they will not long possess it. It passes to more able managers or into the hands of more competent competitors.

When I observe the success we have won, the compelling forces making for cooperation among men, and the very circumstances of our industrial life urging it ever more and more, the intensive interest of management in its task, the changes being wrought by the diffusion of industrial ownership, and note that the American people are becoming the possessors of this industrial machine—not by seizure, not by statute, not by confiscation, but by saving and purchase (the only way by which men of our tradition and blood can become the owners of anything and hold it by right, human and divine), then I cannot be pessimistic.

We cannot solve industrial problems and write the answers on a blackboard. We can only establish a tendency in human life by which *relations between men in the common tasks of production will become better and better, as we become more aware of our dependence upon each other. Greater authority involves greater responsibility.* We are not a small body of owners of property, exploiting a body of wage earners. We are becoming the common owners of productive property and management from its lowest to its highest forms and yesterday's laborer is becoming today's manager!

Our practical problem, after all, is not to play with words, but to keep a clear thought behind them; not thoughtlessly to revolutionize human relations, but to study them better in the daily, practical contacts of life; to see that underneath them all, whatever the field, we keep clear the fundamental things which shaped the nation's life; and to find their existence in home, market place, factory, and church. With faith that the Divinity who sustained the feeble nation in its early hours, will not desert it in the trials of strength, we can go forward. America's future is secure for it does not rest on ships of steel, nor armies with

bayonets, but on the omnipotence of its principles and the omnipresence of a tested civilization!

### Discussion of Mr. Emery's Address.

QUESTION: To what extent has the advance in wages and the larger distribution of industry's profits been due to the combined thought of the workers or to unionized labor?

JAS. A. EMERY: I think that is somewhat difficult to estimate. The organization of labor has secured many distinct advantages for the worker. I say that, conscious of all the excesses and abuses which power has led it into. Abuses of power on the part of business men have not been uncommon either. This has always been a temptation of all who possessed power in every class of society, whether kings or parliaments, corporations or unions. Labor organizations have helped to make the public and employers sensitive to evils that arise in industry. They have performed in that respect a very useful service. I do not think they have made any distinct contribution to the increase in production. They have not talked nor taught nor inspired increased production. On the contrary, we are confronted with the fact that England as a nation has suffered severely from almost continuous limitation of production under the false theory that a limitation of work was bound to give opportunity to more people to become its beneficiaries. I don't think the American worker has become a victim of that fallacy except in particular organizations. Our great gains in industry have been due to inventive genius, the practical application of invention to manufacture, to increased production, diversification of commodities, improvement in method, and the enlarged use of capital which has permitted labor-saving machinery of every kind rapidly to be employed, has put more power at the service of the worker, and has finally taken out of modern industry a great degree of physical exertion which was peculiar to the old conditions. So that today the average standard of living is such that the average man in this country enjoys a measure of life which was unknown and unimagined by the courtiers of His Majesty, King George III. The worker is physically no stronger than those who worked on the pyramids, he is not technically the superior of those master craftsmen who built the medieval cathedrals.

You have to find your answer for the increase in productive power in the application of invention, the results of science and research, the constant improvement in administration and the enlarged use of capital which has put at the direction and service of the worker an enormous multiplication of the power of his hand by mechanical means. It has increased his earning power and buying power and has also put society



itself on a level where the per capita efficiency of the individual worker has been increased to the rate of  $1\frac{1}{2}$  per cent per year. Those figures were given me within a week by one of the soundest of our industrial economists, as the result of researches just concluded by the National Bureau of Economic Research. And then our gain in national production runs along about 2 per cent per year in excess of population. Those results cannot be due to agitation, which does not administer, invent, or produce. Agitation calls attention to conditions and agencies that have brought that thing about, and then invention, science, production, transportation, and the helps put at the disposal of the worker, increased the service and distribution.

C. R. TOWSON: It would be worth a great deal to the whole realm of industry if a number of thousands of men, whom you and I know, who are accustomed to regard the gentleman who has just spoken to us as an exponent of opposition to organized labor, could have heard his statement as to the fact that labor organizations have been beneficial, and then that masterful interpretation of the causes of progress which, while not denying the first allegation, lifts the emphasis and places it where it belongs. This is another illustration of *how much it means to get together in the spirit of cooperative thought, rather than antagonistic utterance, and consider together the great facts of industry and human relations such as we have listened to tonight.*



*Bathing Beach and Boat House*

# IMPROVING HUMAN RELATIONS IN THE TRANSPORTATION INDUSTRY

*A. J. County*

*Vice-President, Treasury, Accounting Departments and Corporate Work,  
Pennsylvania Railroad System, Philadelphia.*



Let me compliment your committee upon its wisdom in choosing so delightful a spot for our conference. Here, surrounded by the beauties of nature, and far from all that reminds us of everyday business cares and responsibilities, we can with new inspiration discuss some of the problems confronting American industry.

It is not only a pleasure to appear before this gathering, but an honor which anyone might well appreciate. In my own case, your invitation was doubly welcome. I have personally taken a keen interest in the affairs of the Y M C A for many years. I have long been a member and a director, and I hope have been instrumental in inducing others to join this institution which has for its objectives the development of the physical, mental, moral, and spiritual qualities of our young men, who are the greatest assets of the world: *There can be no doubt as to the splendid influence which is so widely exerted by this organization among the workers in our industrial and transportation enterprises.*

In addition to these considerations, I appreciate your invitation all the more warmly because it recognizes the fact that the Pennsylvania Railroad has been one of the leaders in dealing with problems of human relations in the transportation field for eighty years. There is no subject to which our management has given, and is giving, deeper attention.

The story of the relations between men and management in railroad-ing, parallels very closely the history of the same development in manufacturing. Railroads, as public carriers, are entirely a product of the age of machinery, whereas some of the manufacturing industries are practically as old as mankind. The introduction of machinery, however, resulted in imposing upon manufacturing industries substantially the same cycle of changes, affecting the relations between owners, managers, and workers, as have been operative in the case of the railroads since their inception.

If we go back about one hundred years to the first railroads in America and Europe, we will find that they, like manufacturing enterprises of their time, were small affairs. The owners actively directed the work, either by personal supervision, or through a few representatives person-

ally selected. Contact between supervisory forces and workers in the ranks was very close. The superintendent of the early railroad division, like the mill superintendent of a century ago, could and often did know personally and individually every one of his subordinates. As long as that condition lasted, no labor problems of the character we have experienced in recent years could possibly arise. However, let us not fall into the error of thinking that these older relations were always idealistic or free from disruptions and rancor. Little time was lost in discussing rights, but duties were insisted upon uncompromisingly or the employer and employe parted company.

The era of direct contact, with its simpler relations and face to face dealings, passed inevitably with the growth in size of the enterprises devoted to manufacturing and to transportation, and with the formation of companies having thousands of owners instead of a few individuals. The superintendent of one of the larger railroad divisions of today may have 10,000 subordinates, representing nearly all crafts and trades, scattered over several hundred miles of trackage. As it is utterly impossible for him to know personally all or even the more important of them, he is compelled to rely upon official organization and on the contacts of minor supervisory officers working under him.

As the personal touch unavoidably disappeared, owners, managers, and employes multiplied, and inevitably a feeling of class consciousness and class antagonism arose. The fundamental which has always remained, though often forgotten, is that *all are engaged in some form of serving the public, and that this purpose cannot be adequately accomplished unless men, management and owners cooperate.*

The chief problems of human relations in our time, as affecting the great transportation systems and manufacturing plants, have therefore been to find effective substitutes for that vanished personal contact between management and men, to the end that the old feeling of unity and partnership, which under favorable conditions spontaneously existed when the enterprises were smaller, might be restored. *The public will sustain cooperative relations in transportation and production, between men and management, but it will not sustain a dictatorship of either capital or labor.*

We have been engaged upon human relations work on the Pennsylvania for a long time. The same is true of other large American railroad systems. Much of the work has been humanitarian in character, intended to foster the sense of loyalty and increase the attractiveness of the occupation by providing safeguards against misfortune. Most of it on the Pennsylvania is based upon visualizing ourselves as a big family, the individual members of which have spent many years in the service, advancing step by step, numbers becoming stockholders and officers, and



all united by a strong sense of pride in our work, loyalty to the company, and duty to the public.

In 1886 the first important measure creating a permanent organization for carrying on work of this kind on our railroad, was adopted by the establishment of our Voluntary Relief Department. The primary purpose of the department is to provide means whereby our employes, including officers and other workers of all grades, can, by the payment of moderate sums monthly, secure to themselves and their families cash benefits payable in the event of death, sickness, accident, or disablement, as well as superannuation allowances or payments supplementing the retirement pensions. The railroad company's treasury bears the entire cost of operating the department so that the dues are available, without any deductions whatever, for the sole purpose of paying benefits and allowances. The protection afforded to Pennsylvania Railroad employes in this way was made available at a time when no other agencies existed to provide it at reasonable rates.

Last year, with a little over 200,000 names on our payrolls, the Relief Department had a membership of nearly 194,000, and distributed over \$5,000,000 in benefits. Altogether, since its establishment, over \$85,000,000 has been distributed in benefits and allowances, while the railroad's treasury has contributed \$15,400,000 toward carrying on the work of the department and administering its funds.

One feature which has assumed great importance, is the wonderful medical and surgical staff maintained for the free use of any employe who chooses to avail himself of its services. At the head of the staff is a chief medical examiner and two assistants. Under them are fifty-three district examiners and ninety-seven assistant district examiners scattered through all parts of the system. This force, totaling 153, is composed of thoroughly competent physicians and surgeons who devote their entire time to employes requiring treatment. No charge whatever is made for their services to any Pennsylvania Railroad workers.

Besides these, we retain the services of a staff of outstanding specialists in practically every disease and every branch of surgery. They are all recognized leaders in their profession, with national and international reputations for the eminence of their attainments. At Philadelphia, Pittsburgh, Chicago, Buffalo, and New York we also retain eye specialists of very high rank, to whom any employe is free to go for examination, treatment, surgical work, or prescription for glasses.

Our policy in maintaining this distinguished and complete medical and surgical force, which necessarily involves a very large expenditure, may be briefly explained. In the first place we wish to make sure that no man who develops any form of disease is allowed to continue working at an occupation in which the disease condition may involve danger to

himself or others. It is the job of the district medical examiners and their assistants to discover all such cases. We then find another job for the man, if that is practicable, or if he is of pensionable age, he is recommended for the pension roll. If below the pension age, and it is not possible to place him in any self-supporting railroad position at all, he is carried on the relief rolls and every reasonable course is followed in aiding him to sustain himself. We try ultimately to cure the man as soon as possible and get him back to his old job and full earning power.

Our pension department, which is operated in conjunction with the relief work, was established in 1900, and now covers not only the Pennsylvania Railroad Company proper, but also all of its operating subsidiaries. The pension rules apply impartially and uniformly to all officers and employes without regard to rank or duties. Retirement is compulsory in every case upon reaching the age of seventy years. Between the ages of sixty-five and seventy an employe may be retired, under certain circumstances, if incapacitated for the proper performance of duty.

The amount of pension paid in any case is 1 per cent of the average earnings of the last ten years of active service, multiplied by the total years of service. Thus, if a man enters the company's employ at the age of twenty-five, and retires automatically at the age of seventy, he will have had forty-five years service to his credit. If his average earnings in the last ten years are \$200 a month, his pension will be 45 per cent of \$200 or \$90 monthly.

At the close of last year 8,333 retired employes were on our "Roll of Honor," as we term the pension list. The payments of pensions during the year exceeded \$4,760,000. Since the pension system was established in 1889, the total payments have exceeded \$41,000,000, exclusive of the expense of operating the department. All of this has been paid by the company.

It may be of further interest to know that the oldest living pensioner, at the close of 1925, was ninety-seven years of age, while another who died during the year would have reached the century mark had his life been prolonged a few months.

More recently our Employees' Provident and Loan Association has been organized. While its work has the approval and encouragement of the management, it represents a voluntary and wholly independent organization among the employes and officers, all of whom are eligible for membership. Its purpose is to encourage and provide means for thrift and saving on the part of our company's working forces.

It began by taking over the activities of the company's previously existing Employees' Saving Funds. In that capacity it affords facilities for regular saving deposits with interest, and means for the purchase of stock and other securities of the Pennsylvania Railroad and affiliated

companies. It offers a plan for purchasing additional pension allowances by the payment of monthly contributions. It grants building loans to assist employes in the purchase of homes, and it advances other loans to help employes in meeting emergencies.

At the close of last year the Provident and Loan Association had over 68,000 members, of whom 53,000 had saving fund accounts, while nearly 14,000 had purchased or were purchasing stock in the Pennsylvania to a total amount in excess of 62,000 shares. There were 1,230 members who were increasing their pensions, while building loans to the extent of nearly \$1,700,000 were outstanding.

About a dozen years ago another group of employes, with the approval of the management, but independently of any financial aid, organized the Mutual Beneficial Association. Its membership now is nearly 17,000. It provides low-rate death and disability benefits and also offers means for purchasing Pennsylvania Railroad securities upon instalments or otherwise, as well as for the cooperative buying of household supplies and personal necessities. Through this association, up to the close of 1925, over 5,200 employes had purchased nearly 27,000 shares of stock.

Combining the work of the Provident and the Mutual Beneficial Association, it will be seen that through these two organizations over 19,000 Pennsylvania employes have become stockholders in the company, and have bought altogether some 89,000 shares, with a total par value of over \$4,450,000. Many other officers and employes are stockholders by the purchase of shares directly through brokers or banks, but no accurate record exists of their number.

It is gratifying to note the increase during recent years in those who have become stockholders and bondholders. Ownership and working responsibility make splendid twins. Moreover, if close to 50 per cent of gross earnings are required to meet wages, is it not eminently fitting that some of the savings should be invested in the property from which they are derived? The total capital stock of the Pennsylvania Railroad Company is \$500,000,000. The total payroll of the system for a single year is \$375,000,000. Think of the possibilities which lie in the savings out of that latter sum!

Another activity fostered and encouraged by our management is the Woman's Aid. This is the outgrowth of an organization formed during the Great War by the wives and daughters of our employes and officers to assist the families of those who entered military service. Following the close of the war it was reorganized on a peace basis and its work greatly extended. It is now a permanent association for the purpose of fostering the spirit of friendship and mutual helpfulness among Pennsylvania Railroad families and of rendering practical assistance where required.



Last year membership in the Women's Aid was 207,320. It expended nearly \$110,000 in relief, and its members visited 27,727 railroad families, giving assistance where required in the form of money, medical attention, food, clothing, fuel, etc., and carrying flowers, fruits, and other delicacies to the sick or injured. The work of this association is indeed a great tribute to the devotion and unselfishness of the women who carry it on.

I have already mentioned my own deep personal interest in the Y M C A. Our management officially endorses and encourages its railroad branches and has for over forty years been an extensive contributor to the carrying on of its work on our lines. We regard it as having been a very important factor and a valuable medium in encouraging good relations with our employees.

It is impossible to recount the number of cooperative societies, building and loan associations, etc., operated chiefly for and by Pennsylvania Railroad men and women; but they are an important influence for thrift and stability and have the approval and endorsement of our management, though remaining in every sense financially independent.

Most extensive and perhaps most important of all measures for building up harmonious relations on the Pennsylvania Railroad is our Employee Representation Plan. Essentially it is a system of collective bargaining within our own ranks. It is based upon the settlement of all controversial questions regarding wages, discipline, conditions of employment, etc., by conferences between representatives of management and representatives of the employees, chosen from among their own number for that particular purpose.

A system of appeals is arranged so that if a divisional conference cannot settle a question, it will go to a grand divisional conference and then to a conference in which the general manager of the region and his immediate assistants act for the management, while employees chosen as regional representatives act for their respective fellow workers.

Should the general manager's conference not result in an agreement, final appeal is taken to what we term our "Joint Reviewing Committees." One of these committees is constituted for each group of classified employees. Each consists of an equal number of representatives of the management and of the workers. They sit, not as advocates of opposing interests, but as impartial judicial tribunals, and a two-thirds vote is required for every decision. This means that in each decision rendered, some representatives of the management must vote with the employees, or vice versa.

Out of the many thousands of cases which have arisen since our plan was established, a little over five years ago, in less than a half dozen instances have the Joint Reviewing Committees been unable to

come to a two-thirds vote. All of these cases were, however, settled amicably by arbitration, for which provision is also made.

One of the best things we can say about this plan is that it has had the roughest kind of tests since 1920, and works. It provides important avenues of public information on labor questions. It gives our employes a democratic share in the shaping of their own conditions. The period during which it has been in effect has been marked by greatly increased efficiency and economy in operation and notable improvement in our company's financial position. It has the support and approval of an overwhelming majority of the employes, as well as the complete confidence of the management. Finally, some of its most important principles are recognized and embodied in the new railway labor act, which is applicable to all railroads, but which completely fits in with our plan. We regard our Employee Representation Plan as a permanent institution in Pennsylvania Railroad affairs.

*Our ideal is to consider all members of our entire working force, from trackhand to president, as constituting one great family, all engaged, in their respective ways, in the same indispensable public service, all obtaining their living from it, all contributing their individual shares to its successful operation, and many of them participating in the financial results as part owners.*

We are nearer to the realization of that ideal than ever before in our history, notwithstanding the troublesome and difficult days through which we passed during the war and immediately after. Loyalty of the force and friendly feeling between management and men, are at the highest pitch ever reached on our railroad. It is, therefore, no wonder that while at the close of the war operating expenses exhausted 100 cents out of every dollar of revenue, leaving nothing for fixed charges or return to the stockholders, now less than 80 cents of every revenue dollar is sufficient to pay the expenses of operation.

The annual turnover in the force has been reduced by about 75 per cent in the last few years, and is now almost entirely confined to unskilled labor and to the few who are always willing to take temporary jobs at braking or similar occupations while preparing for other work. Among such men as foremen in all ranks, engineers, conductors, firemen, clerical supervisors, etc., who are the backbone of the railroad, the turnover is practically zero. These men, almost without exception, look upon their occupations as life jobs. We are handling the peak traffic of our history, with the greatest efficiency and economy we have ever been able to attain, and last year we earned the dividend on our company's stock more than twice over.

In contributing to these fine results, *the loyalty and devotion of the working forces, ably directed, were an outstanding factor and clearly*

*and unmistakably reflect the results of many years of cooperative effort in building up sound and harmonious human relations.* Without claiming to have reached perfection in labor relations, our officers and directors feel more encouragement than ever before to redouble their endeavors and give their best toward establishing the highest possible standards of ability and efficiency in the work of administering this great property devoted to public service.

I doubt whether there is another very large enterprise of any kind in the world in which length of service and continuity of employment are more marked than on the Pennsylvania Railroad. Retirements under our pension plan are in the neighborhood of ninety per month. Observation shows that of those reaching the retirement age, an average of well over 50 percent have had forty years' or more service, and nearly 10 per cent a half century or over.

People may scoff at the capitalistic system and complain of labor difficulties in the United States, but *the leaders of both capital and labor have learned that in unity of aim and purpose there is great prosperity, while in pulling apart they hurt each other and range public opinion against the side which creates hostility.* The public is awake to the fact that there is no justification for strikes which require the country to suffer in order that settlement may be reached. All questions of personal freedom must subordinate themselves to that fundamental truth.

Capitalism as an economic system has become, in our country, the emblem of successful democracy, and has won its greatest vindication in the widespread prosperity and happiness of the people of the United States. We have our millionaires and our big corporations, but we have learned to appreciate and deal constructively with them, not only because they have been the chief factors in organizing mass production and distribution, and in that manner make possible widespread employment at high wages, but also because they pay our taxes and are most liberal in the endowment and support of institutions of every kind for our benefit and for the advancement of art, science and the comfort of living.

We no longer have a capitalist class set apart from the general body of the population in this country. Our wage earners themselves are rapidly accumulating property, vast in the aggregate, and in that manner are themselves becoming capitalists. There is every desire to see them own their own houses, ride in automobiles, and live in comfort, as the reward of steady work, the use of education, and the exercise of thrift. They are winning their way by increased production at lower cost, in cooperation with wideawake management, and by wise capital investments and marketing. Their earnings are approximating those received from the professions and from independent business; and as



economic distinctions approach the vanishing point, so do class distinctions and jealousies.

It has been estimated that *out of twenty-five billions of dollars in wages paid the workers of America each year, from six to seven billions are saved and become permanent capital.* This helps us understand the development of the large and powerful savings, insurance, and similar institutions, several of which are now being fostered by labor groups. Their organizers, moreover, are to be commended for the good sense they have displayed in not limiting the services and facilities of these institutions to the members of their own crafts. Instead, they are competing for their portion of the savings of all workers and professions. Class distinctions have little place in banking.

The growth of employe stockholders in railroading and other enterprises is also significant of the new social order in America. Every employe-stockholder has a dual relationship towards his company. He is both a wage earner and a partner, and as partner or part owner, he is to that extent his own employer. No form of government ownership can compare, as a democratic ideal, with direct ownership by the people themselves, and particularly by those who are gaining their livelihood through the very enterprise in which they become investors.

The rise of American wage earners to financial equality with, or in some cases superiority to, the so-called "white-collar" workers, carries with it a new responsibility. *The public today will not tolerate dictatorship by labor any more than by capital or management.* Therefore, I believe we have now reached the position where wage earners, with their greatly increased earning power, and the practical elimination of the distinctions between property owning and non-property owning classes, must appraise their responsibilities in a new light.

Let us consider a specific example. The gross earnings of our railroads for 157 days out of each year are required to pay their own wage bills. The earnings of twenty-seven more days are required for the costs of locomotive fuel, the vastly greater part of which represents wages of coal miners. Seventy more days' income are required for materials and supplies, representing in turn chiefly industrial wages. Taxes take the earnings of twenty-one days of each year and interest on borrowed capital, represented chiefly by bond issues, the earnings of forty-one days. The earnings of only nineteen days out of each year return to the stockholders in dividends, and the earnings of only six days are retained as reserves for additions and betterments, and to provide a credit basis.

When we consider these figures and appreciate the overwhelming share of gross earnings required to meet wages, direct and indirect, we begin to realize the responsibility of the workers in the transporta-

tion industry toward the users of that service, and to appreciate that it is not inferior, in its obligations, to the responsibilities of ownership and management.

Surely the lesson to be drawn is that, in any sane view of the situation, *strife between labor and management in railroading, or in any other public service or industry upon which the public is dependent, has become an anachronism. There is room for common sense and plain dealing, but no longer any place for the selfish, "hard-boiled" leaders or followers who feel they can hold their places only through industrial warfare in our economic life, at the expense of the public.* There is no reason or excuse for the existence of such warfare as long as we have intelligent public opinion, with ample resources to keep informed of the real facts upon which to reach sound conclusions.

We have demonstrated the fallacy of the Marxian doctrines, including the false teaching of the inevitability of class conflict and the equally erroneous one that under the capitalist system wealth tends to segregate itself into the hands of a few inordinately rich individuals at the expense of ever-growing poverty among the masses.

America is today the living refutation of these doctrines. Instead of suffering from the growth of class conflict, we are soundly basing our national hopes and aspirations upon processes visibly at work before our eyes, which, on the one hand, are completing the practical elimination of class lines altogether, and on the other are opening wide to every one of normal capacity and intelligence the door of entry into the capitalist or property-owning status. Instead of the concentration of wealth into a few hands, which Marx and his followers held to be inevitable under capitalism, we are witnessing the most remarkable and extensive popular distribution of wealth in all of history, and to an extent which no one would have deemed possible a generation ago.

But in our just enthusiasm over the wonderful gains in material welfare and happiness which have come to the mass of our people, let us not make the error of forgetting that our advance has not been wholly or exclusively materialistic. Heroism and self-sacrifice in all ranks of life were never more generally manifest in the history of any nation. *This is no time to be cynical, to stand aloof, to decry our own age, or to lament the supposed superior virtues of past eras. Religion, learning, art, science, charity, and the spiritual resources to advance those ideals and practices which make life worth living in its moral, aesthetic, and intellectual aspects, were never so prevalent nor better known. Never was the call clearer that these inward forces be evoked as an inspiration for all our people.*

Leadership in all these provinces of achievement must be made equal

to the demand, and when and where that condition is found, the common people follow gladly. Those who can reach the head and heart with leadership and a message of faith, hope, and real inspiration have no doubt or uncertainty but that the Kingdom of God begins here on this earth.

These are our heritages, spiritual and material, here in America. They are the most valuable that have ever come to any people. It is the duty of every one of us, both as a public and a moral obligation, and in the highest and most intelligent self-interest, to work unitedly and wholeheartedly for their preservation and protection.

### Discussion of Mr. County's Address.

J. C. CLARK, Industrial Relations Counselors, Inc., New York, N. Y.: I would like to ask Mr. County about the administration of the relief department, on the Pennsylvania. I think it is rather unique.

A. J. COUNTY: There again we have the duality of both men and management. We have a regular ballot for the employes to elect one-half of the Advisory Committee or managers of the relief department. The balance are selected by the management, as the company guarantees the Relief Fund. If the voters of this country would ever cast the same percentage of ballots as the men do for the employes who are going to represent them in the relief department, it would be a perfect country. Ninety or ninety-five per cent of the members vote. The Advisory Committee or directors, jointly chosen, represent the employes and the management. I am one of the representatives selected on behalf of the management. We get together, talk over our cases, our regulations, our investments, and the results.

Another thing we do is this: In every big family such as ours, either because of our foreign born or for other reasons, we don't know how to take care of ourselves; we have not all gotten that far. It is the job of some of our representatives to go around and see why the man didn't turn up at work; whether the medical examiner has given him the proper attention; what has gone wrong with the grocer, the doctor, and so on, and what is happening to the children. We have been trying to work out the duality of family life and management since 1886. We, by vote, rotate this Advisory Committee and in that way I think we are helpful.

J. C. CLARK: I have been told that the employe representatives, elected by the employes, spend all their time in this relief department, and that their salaries are paid by the Pennsylvania.

A. J. COUNTY: We have fifty men engaged in this service. It is the men's money and their management, but we guarantee it. If we don't allow time the work will not be done; we could be criticized for that.



We do allow time and no doubt are criticized for that also. The main point is the work is well done.

The men's pay goes on and they are standing in the company just as if in active daily work. It is a nice thing to get out of the shop or office for a spell and act on the board of representation. Expenses come from the company's treasury, so that all the employes' contributions can be used for their protection.

F. L. RIGG, Gutta Percha and Rubber, Ltd., Toronto, Canada: Are pensions, paid to those who are retired, guaranteed by the establishment of a fund independent of the future of the railroad?

A. J. COUNTY: Not up to the present. In that connection a great development has occurred. This fund has become so great that we have determined to establish a permanent fund to assure everyone who is placed on that pension list of getting his pension during his life. Now to make that clearly understood, with the men whom we put on the pension roll we say, "Here is a pension during your lifetime. There is not a bit of obligation about it beyond one year." But the management desires to make secure all pensions when once granted, so we have placed the matter before the Interstate Commerce Commission and have asked for its authority to establish a fund. We found out that the average man's life is ten or twelve years after pension, and we wanted to set up a fund and make charges against operating expenses for, say, ten years' of pension for each employe who is pensioned. We cannot make the expense charge until the commission approves.

This is a responsibility. Do not undertake a pension plan unless you are willing to put up pensions for ten years for each employe. Look it straight in the face—it is no joke. I expect that pension fund of ours will go up to ten or more millions a year.

CHAS. R. TOWSON: If the Pennsylvania Railroad, when it inaugurated this pension plan, had been confronted with the magnitude of the obligation which would come after twenty-seven years, would it have created the fund at that time? And was it better for you to have gone ahead and established the fund, even on a non-actuarial basis, or to have waited until later and established it upon this basis which you now contemplate?

A. J. COUNTY: In the railroad business you are right here on earth and dealing with human and not divine nature. You begin a great many things you don't see the end of, and we would do it again only with this difference: we would from the very start put in, if we knew the average would be ten or twelve years, a proper amount in the operating expenses, and establish a fund.

CHAS. R. TOWSON, Deering Milliken and Co., New York, N. Y.: Suppose you were not in a financial position to do that, would you have established the fund and gone along?

A. J. COUNTY: You cannot very well say that, but here is what happened at the time: Without a pension fund we would have had cases before the board of directors every month. It would have been heart-rending. When I came into the business we used to pass the hat when a fellow died; thus we had our own little fund, but not on a scientific basis. Then we said to ourselves that a pension fund should help not only old John Smith, but should attract the younger men to railroad service.

Something has been mentioned about constructive pensions, and here is the plan we usually follow: Suppose we are shut down by lack of business tomorrow; these things occur over night. We have a plan whereby a man is continued as a regular employe for nine months. But no matter what his condition during the closing ten years of his life, his pension in the occupation is rated on a constructive wage basis; because, otherwise, a man who had a high position after serving fifty years might receive less than a man not half so far advanced while in active service.

QUESTION: Would you say that the Pennsylvania Railroad plan is democratic?

A. J. COUNTY: It is absolutely up to the men to do as they wish, through our Employe Representation Plan. We asked the employes: "Will you put up these questions to Employe Representation?" The majority answered yes, but some preferred outside Unions. There is nothing to prevent union men from being elected on any of our Employe Representation Boards, except they must be Pennsylvania employes!

There are three great essentials in this world: God, nature, and human nature, and unless you get straight with them you will never get anywhere.

When you get these things in your head, the distinction of whether you are in unions or out of unions doesn't make any difference. What are you? Are you in favor of loyalty all the time, although there may be differences of opinion? Then we can do something. But if you are not, I don't care whether you call yourself a unionist or non-unionist. You are not an American citizen. A labor leader may not talk the same as I talk—he has a job to maintain—but he is everlastingly right with me, if he has the fundamentals right, if he acts from loyalty, free from those principles that will pull our men and the world down. Do not imagine for a minute that we have reached the saturation point in this thing. My plea is that we have reached a basis so sound that, if we will only adhere to it and get a proper return on these railroads, we can raise wages. We can do much better for railroad men than we are doing today if in service we get value for pay. If the men and management will hold together, we will hold the public and the country together by good service. The American public will pay for satisfactory service, but

you won't get anywhere with the American public by making it suffer and making it pay the bills just the same.

G. E. PELLISSIER, Holyoke Street Railway Company, Holyoke, Mass.: I believe that we must find a method of reestablishing the personal touch and I feel that *management, in spite of the fact that it has stated that it is too busy for personal contacts, may well delegate some of the mechanical work to subordinates and devote time to giving inspiration to the men under it.*

A. J. COUNTY: We have a railroad in thirteen states, employ two hundred thousand men, and yet we are trying to maintain personal contact. What are the Employe Representation plan, the Provident and Loan Association, and the Relief Fund, for? When I sit with men in the relief department and talk about John Smith's case, that is one way we are establishing personal contacts and getting the message across. Why do I talk to foremen at their meetings? Why am I wondering what is going on in the various shops when there is a turnover of 10 per cent in one and of only 5 per cent in another.

HARRINGTON EMERSON, Efficiency Counselor, New York, N. Y.: What is the permanence of employment on the Pennsylvania Railroad? How many men are with you at the end of a year who were there at the beginning?

A. J. COUNTY: Practically all of the men stay with us. The turnover is practically nil except in unskilled labor, and the jobs that go up and down. We have been watching this for two years. I found some employes in New York in the clerical forces, in the freight stations, that were not staying. I asked, "Why is the turnover here so large?" I wondered what was the trouble—whether they didn't have the right men, or the right working quarters, or human sympathy. But I was told that those fellows get a start at the freight station, and it prepares them for other jobs in other businesses. I was told, "Under the impetus of the thing you always preach, these fellows are not going to stay freight clerks forever." That is America; they want to go higher.

In 1923, 1924, and 1925 we found that there was little turnover except in some of these unskilled jobs. We are doing everything in our power to reduce turnover, realizing that the money we spend to train a man is lost, if we have to change him or if he keeps changing frequently.

TIDE WATER OIL COMPANY DELEGATE: How about physical examination?

A. J. COUNTY: The employe has to pass a physical examination first. We are very careful about it, because there again you lose your effort and lose your man if he becomes sick. Therefore, we try to secure as many young and active men as we can, but it is becoming harder to get



them for the heavier grades of work. People don't like dirty, heavy work today.

HARRINGTON EMERSON: If a man has been with you up to the age of sixty-five and then you have to fire him, does that deprive him of all pension?

A. J. COUNTY: No, sir. At the age of sixty-five he is eligible for pension. But we wouldn't fire him anyway, because it would be hurting ourselves when hurting him. Our pension board and management wouldn't have it done.



*Movie Screen in Front of Hotel*

# AMERICAN INDUSTRY AND INTERNATIONAL RELATIONS

*P. Whitwell Wilson*

*Former member of British Parliament, author, expert on world affairs.*



While the United States has no Empire, she has a Monroe Doctrine. And under that Doctrine, she exercises a diplomatic influence in North and South America and the Philippines which affects 200,000,000 persons of the human race. She is the Big Brother of Latin America. The British Commonwealth of nations is on its side inclusive of 400,000,000 persons, figures which I mention not as propaganda but merely as arithmetic. The population of this planet is 1,700,000,000 or thereabouts. And this means that between them, the United States and Britain guide the diplomacy of more than one-third of the human race, and on the whole, the richest third.

*We have no right to dominate the world* or to suppose that we are better than French, Germans, Russians or Italians—nations which have taught us how to read, to paint pictures, sing songs, to think out problems of life and even to worship God. *But there is one service that we can render. It is to throw our whole influence on the side of peace.* Usually we have our mutual differences. Yesterday it was Ireland; today, some people are talking about the debt. But on the whole we are not such bad friends after all. Both nations listen to Will Rogers and both nations laugh at Buster Keaton. And it takes an American girl to swim the English Channel!

But what we have now to think of is not our agreements or disagreements but our common duty to the rest of the human race—to China, a Republic struggling slowly and painfully to her feet; to Japan and Russia, at loggerheads over Manchuria as once they were rivals for Korea; to Russia, where liberty has still to be established; to Europe, not yet united; to India where Moslems and Hindus cannot yet cooperate in common citizenship; and last but not least to Africa where the Negro is at last finding himself for the first time.

In listening to these discussions of the Industrial Conference, I have been amazed at the good sense and fine temper displayed. The old world had its feudal system in which nations were ruled by barons who owned the land. That feudal system has been shattered. But in its place, we see an industrial system just as powerful. Delegates are here present who exercise an influence over human life as great as any that was ever exercised by a duke or a marquis. One speaker told

you that the United States has no hereditary principle. We had a prime minister who used to say—"Wait and see!" England had no hereditary principle when she was a hundred and fifty years old! Then we have had preached what I may call the "gospel of getting on." And I only wish that I had heard it a little earlier in life. But what was it that a representative of a great firm of meat packers told us? Here is a corporation in which capital and labor are represented in common council and vote as a unit—which I thought was only true of the Democratic Convention! Yet wages, he said, were 41 cents an hour, or about 22 dollars a week. It shows that industry also requires the man who doesn't get on.

The real problem is not how to help a man to be promoted. Such promotion is one of those duties in life in which a man can help himself. The real problem is the unpromoted man. He used to be an immigrant. He came from Africa, from Ireland, from Eastern Europe. But you now have immigration laws which make this country, as I tell my English friends, a very nice place when once you get inside. And it seems to me that to preach the doctrine that success is to be measured by promotion is a pretty dangerous thing to do. It leaves nine out of ten citizens inevitably disappointed. It is responsible for crime, which is not due, in the main, to drink (for there is now no drink in the United States!) or even to gambling. The bandit is often an affectionate husband and an anxious father who is in too great a hurry to be promoted. As Mr. Emery put it, he is "the industrial Arab who folds his Ford and silently steals away!" It is of no use to teach the people to put their trust in riches. St. Paul says "I have learned in whatever state I am therein to be content—both to abound and to suffer need."

In Britain, there was a general strike and it was a monstrous folly. But do not forget that, in that titanic struggle, not a life was lost. Britain has an income tax which, for my income, is a dozen times higher than what I pay here. Yet Britain is on the whole happy. The man I admire is the man who is cheerful, not when he is promoted, but when he loses his job. He is the real hero. And the true test of your industrial optimism will be when bad years come. In your great anthem "America, the Beautiful," you sing of "alabaster cities" which "gleam undimmed by human tears." Yet we know that, in all these cities, there is an abundance of reason for human tears. *What we celebrate as the patriots' dream, therefore, should become for all of us the citizens' duty—not to deny the sorrow but to comfort the sorrowful, and better still to prevent sorrow.*

That people are saving money is splendid. And industrial insurance like that in force on the Pennsylvania Railroad is admirable. In Britain, the entire nation is thus insured—that is 16,000,000 workers, from



sixteen to about seventy years of age. The nation is insured against sickness, old age, widowhood, tuberculosis, and, of course, we have to find money for wounded soldiers and soldiers' dependents. A billion and a half of dollars are paid every year in such schemes, and to them, all contribute—sometimes by taxes, sometimes by direct dues collected from wages and capital. We do not consider that this is Socialism. Industries are left in private hands. *But the proper care of the unfortunate has become a first charge on industry and wealth.*

In these days, industry is based broadly on a forty-eight-hour week. And we talk sometimes as if the factory and what goes on inside it is the whole of life. Every week, there are 120 hours spent by the workers outside the factory altogether. A good housewife gets through her housework and has the rest of the day to herself. So should it be with the wage earner. We used to have the leisured classes. We now have the leisured masses. A publisher gave me three reasons why he could not sell more of my books. First, there was the movie; second, the radio; and third, the automobile. All of these alternatives to reading are more expensive than books would have been. The British worker has to be content without the automobile. Of course, he still has the saloon and the race course. But he is also devoted to his garden when he can get one. He takes a keen interest in politics, he stands as a candidate for his town council, sometimes goes into Parliament and teaches in the Sunday school. He still rides a bicycle.

Mass production is all very well. But what about God? While we try to make everything the same, He made everything different. Take ladies' dresses. Why should the manufacturer have the right to say how long a dress should be? Why should Liberty be only a statue? In England, there is a good reason why we don't always apply mass production. Our trade is largely international. We did ten billions worth of foreign trade last year—and you—with your vast domestic consumption—only did 9 billions overseas. Now mass production may one day master the world but, at the moment, the British find that they have to adapt their products to varied markets in China, India, and elsewhere. It is not deficiency in enterprise that retards their mass production but the differing fashions of their customers.

We have been hearing about bond selling to operatives on the Pennsylvania Railroad and other great corporations. I agree that such distribution of investments is the real answer to Communism. The Russian peasant is a bad Bolshevik because he owns his farm. And so is it in Lancashire, England, where the cotton operatives, though unionized, have invested largely in the plants where they are employed.

Do not underestimate enterprise outside your own borders. Take Belfast, in Ireland. There was no wood, linen, iron, or coal—only a

vacant shore and a few Scotsmen. And yet they have built up a vast production of shipping, linen, and tobacco. The real fault in the British system has been to calculate finance by rates of wages instead of by the cost of the unit produced. It has not been realized that the low price of a product may actually result from the high wages of the worker!

All nations recognize the amazing achievement of the United States in industry. Your wealth, calculated at 80 billions in 1900, is now 320 billions. It has been quadrupled. And your gold reserve is half the total gold reserve of the world. Such a reserve is like radium—it influences all around it. It is, in fact, a source of credit. And you are investing vast sums abroad. Where your treasure is, there—be very sure—will your politics be also. And it is a good thing. One speaker declared that with 7 per cent of the population of the world, you produce 41 per cent of the steel. It means that, compared with the United States, the world is as yet undeveloped. In China, for instance, coolies still carry coal and water on their backs. To develop the world, is thus a great opportunity. Compared with the steel required for bridges, railroads, girders, and machinery, what, after all, is the economic value of the steel used in guns and battleships? *At Geneva, the League of Nations translated the word "peace" into three others words, "arbitration," "security," and "disarmament"; I would spell the word "peace" in two words—"commerce" and "Christianity."* The composer Handel produced his music for a small orchestra. So did Christ produce his Gospel for a little group of disciples. But just as Handel's music sounds the more majestic with every instrument added to the orchestra, so does the Cause of Christ grow in grandeur as it is interpreted in great machines and organizations, *serving the needs of man.*

### Discussion of Mr. Wilson's Address.

DELEGATE: What is the effect of the social insurance program in England?

P. W. WILSON: I don't think the death rate has ever been so low as at present. I am not sure that this is due entirely to sickness insurance, because, of course, the death rate in this country has been brought to a very low level also.

With regard to unemployment, it has been suggested that men who have been receiving unemployment benefits, say, five or six dollars a week, do not feel any great desire to take a harder job at ten dollars a week. I think that is true in some instances and particularly in the cases of men who served in the war, were demobilized, and have never returned to industry. They have been out of work during the formative years of their life. But taken as a whole, I don't believe even unem-

ployment insurance has been the reason for the continuance of unemployment. It has been due to large causes, particularly this: that in shipbuilding, iron trades, and coal mines Great Britain has for a time been unable to produce at a European price. You hear of the American price for these things. We have to produce at the price which will meet competition in Belgium and Europe as a whole.

J. M. GROVES, Y M C A, New Haven: Is Britain really committed to the idea that the wage scale must be radically changed and that high wages are in some sense the secret of prosperity?

P. W. WILSON: At one of the sessions here it was suggested that high wages are of great importance, for they enable the workers to spend the wages and therefore to act as a home market. Now, I think that is a very important argument, but I think that the argument which now is getting over to England, is this: that *high wages actually may result in a low cost of production*. They are all reading the "autobiography" of Henry Ford, and absorbing the idea that industry should be arranged not according to the wages paid but according to the cost of the unit produced.

The essential difference between that country and this is that you, rightly or wrongly, are able to establish a natural tariff, but in Britain they always have to face the price in the neutral market. There is always 20, 30, or 40 per cent of output which has to meet international competition, and therefore price is to them an actual essential, whereas to you it may or may not be.

M. J. STICHEL, Y M C A, Long Island City: There are two questions. First, what is the immediate future of competition for our industries here, so far as Europe is concerned?

Second, I should like to have you elaborate the statement that it would take one hundred years to absorb the production of our industries if all countries were thoroughly industrialized.

P. W. WILSON: I am ready to hazard a guess that you are going to be faced by serious competition, and for this reason: that if Europe settles down and gets on a business basis, of course, obviously, she will want to supply her own markets. That is happening in Italy under Mussolini, who, whatever you think of his dictatorship as an alternative to democracy, has beyond all doubt cleaned up Italy. It is true of France and of Germany. And certainly, Britain, successfully or unsuccessfully, is absolutely bound to compete with everybody if she is to go on to live.

Now my friend wanted me to elaborate my statement that it would take one hundred years to develop this world. If he will allow me to say so, that statement is not to be regarded as exact economics but rather as made under rhetorical necessity. My own belief is that the



development of the world is so vast a task and a task so long delayed that it will occupy us all for more than a hundred years. When you create one need, that need creates another need. When you exhaust one source of power, you discover another source of power. There is limitless work for mankind in the form of mutual service, which is represented by industry.

F. L. RIGGS, Gutta Percha and Rubber, Limited, Toronto: There is a rather general impression here that industry is in very bad shape in England, that there is practically no work. Is it not true that the production in England today is greater, and that more men are working there than before the War?

P. W. WILSON: Beyond all question there are more at work in England than ever before in her history. The reason for that is that despite the War, the population has increased, not by immigration but by natural growth. And the many unemployed merely represent the army that we have not succeeded in demobilizing, and the five or six million people who are employed on munitions.

It may interest you to know that the number of domestic servants in England before the War was one and one half million. Owing to taxation, to which I have referred, there are only a million now. There are five hundred thousand fewer domestic servants. And those men and women have somehow had to be included in the totals. So that really we have not done so badly, because we always did have three or four hundred thousand unemployed normally.

PROFESSOR H. B. HASTINGS, Yale University: Mr. Wilson has the keenness of observation that the English so often portray, and has indicated the difference in the industrial order of today and that of a decade ago; and that is, that the industrial order of a decade ago pointed with self-satisfaction at the office boy who worked up to be president of the company, whereas today industry is thinking of the other 99 per cent of the men who cannot be promoted.

H. G. TRAVER, Traver Engineering Company, Beaver Falls, Pa.: Do you think the time will come when we will so understand and control industry, that we shall be able to use all of our people and equipment, without having the occasional depressions and the occasional large number of unemployed such as you have in England at present?

P. W. WILSON: Yes, probably, on one or two conditions: First, that the peace of the world continues; and second, that you have what I believe you do have in this country, a wise system of banking. Is it not a fact, that since the establishment of the Federal Reserve System there has been a very much more steady application of finance to the real needs of industry than there was before the Federal Reserve System was established? I must confess that I think the competition between

nations is beginning to give way before the habit that we all have of investing in each other's country. You have enormous investments in Canada and in Europe; and really, finance is becoming in the best sense of the word, international. And the old idea that one country had to compete against another is really giving way before the idea that people should cooperate.

REV. E. M. WYLIE, Montclair, N. J.: Are we not in danger, by piling up great gold reserves in this country, of hurting our international relations? Is it not possible to carry it on until we endanger economic stability, and therefore industry? If that be the case, what remedy can you suggest?

P. W. WILSON: My friend has put a very serious question. He has suggested that the accumulation of a great gold reserve in this country may have two results—first, it may endanger international relations and arouse a certain jealousy toward this country; and second, it may actually give this country too much gold and may overweight the financial structure.

It is, of course, a fact that in Europe, even in England, there is today a certain amount of discussion of the United States. Some of it I think is unfair. But it arises out of a very human situation. Europe has been the leader of the human race. It was in Europe that you had the Roman Empire; and now she sees the economic balance passed across the ocean, and she knows that to a considerable degree it is her own fault. You cannot expect old and proud countries to like it. I think you must anticipate that there will be a certain amount of peevishness on the other side, and if you try to put yourself in the position of those countries, I think you will feel that it is entirely natural. There are a great many economists who consider that the accumulation of gold in this country will be embarrassing to American finance, unless a good use can be made of it. That is one reason why those economists really doubt whether the collection of the debts is going to be an entire benefit to the United States. That is a matter, of course, solely for the United States to decide for itself. But the fact of your gold reserves gives you an opportunity for establishing credits all over the world. You are becoming economically an international power in that sense.

HOWARD WILLIAMS, Business Training Corporation, New York, N. Y.: In England, there is a more penetrating analysis of the questions at issue at every election than in America. Is that true because of an older culture, a more homogeneous population, or because the working people are more vibrant-minded?

P. W. WILSON: I rather hoped I avoided comparisons of that kind, but undoubtedly in Great Britain you have people who have lived together for quite a number of years, and over here you are, if you will allow me

to say so, still making a nation. You are still bringing in new citizens and you have many difficulties of race, of language, or origin, still to deal with. You have the difficulty of distance, the isolation of great centers of population, one from the other, and it is no matter for surprise that there has been an immense task to hold your political system together and to develop it. I cannot but feel that with five hundred thousand American boys and girls at college, at any particular moment, you are training leadership which is bound to become increasingly effective. America is better governed today than she was five years ago. Every year there is a marked improvement in the administration of this country, and that is due to the fact that the citizens are talking over these things and getting together, and are gradually bringing even the remote parts of the country into an orderly relation with the whole stock.

It seems to me you have problems to face here which we do not have in any European country, and I am sure you are going to face them squarely and have the wisdom to solve them.



*Free Parking Space!*



## SOME APPRECIATIONS

**The Hampton Quartet :** P. Whitwell Wilson, expert on world affairs :

I have been asked to express, if I can, our appreciation to members of the Hampton Quartet for the music which they have given us. They have sung the songs of their own race, songs which remind us of the deep sorrow through which it has passed, and of the Friend who helped through the period of servitude. This quartet represents a notable chapter in the history of mankind.

After the Civil War the future of the Negro was the problem to be solved. Some people talked about repatriation to Africa, others of segregation. Both those solutions would have been unjust and obviously impossible. You had a division between North and South. The North said equality, the South questioned whether that was possible. And then there arose a great man, General Armstrong, who used neither of those words, equality or inequality, but education. And Hampton Institute in Virginia, followed by Tuskegee, was the result. A particular kind of education. How was it that Christ was educated? By the bench of the carpenter and the Bible, the hand and the brain. And that dual education is what has produced the graduates of Hampton.

The system developed at Hampton of training the whole being has spread to the world. In India recently an educational commission to the villages reported that the Hampton method was the right one. In China there was a committee of inquiry consisting of Chinese, Americans, and British, and it also reported that Hampton's was the method. Into Africa itself this country has recently sent two commissions, and the Hampton method is being suggested as a solution to the African problem.

*Some say that education only intensifies race rivalry. The answer is, not the right kind of education. The bigger the man, whatever his race, the more easily can he look over the frontiers that divide the races.* In the South the difficult and dangerous questions between the races are being discussed by inter-racial committees the influence of which has already mitigated much violence and has contributed to social peace and order.

It was felt that some such word should be said in friendship and brotherly feeling to those who have come from a distance in order to enrich with their music the very delightful proceedings of this Conference.

**Silver Bay: Chas R. Towson, President, Silver Bay Association :**

I am tempted under the inspiration of Mr. Wilson's presentation, and because of emotions stirred in my heart by these brethren who have sung

for us, to take this half minute of my time to say that we have rarely if ever enjoyed finer music. I know you will join me in hoping that Hampton Institute is going to have increasing success and financial support.

(Mr. Towson then described some of the year-round activities of the Silver Bay Association, including the various conferences during the summer months, and the unique School for Boys, during the winter.) This school which is distinctively Christian in its purpose, principles and training takes boys from twelve to eighteen giving them a high grade preparation for a college course and a most valuable and interesting correlation of classroom theory and outdoor practical work. Every boy is treated as an individual, close attention being given to his scholastic needs, his character and his health and physical development. The school is not operated for profit.

(Mr. Towson concluded by remarking that almost every state and country in the world had been represented at Silver Bay this year and introduced Robert French, Principal of the Silver Bay School for Boys and William Fellowes Morgan, Chairman of the Board of Trustees of Silver Bay Association.)

**The Conference Spirit:** Fred H. Rindge, Jr., Secy. Industrial Department, Y M C A National Council; Executive Secretary of the Conference:

(Mr. Rindge here expressed appreciation to the Conference Committee, speakers, musicians, office force, "white badge men," the hotel management, etc., for their fine cooperation in making the Conference possible. He then continued:)

If we have derived any real benefit from this Conference may we not do four things? First, stay through to the end; second, endeavor to make effective the ideas and ideals of this Conference in the factories and cities from which we have come; third, send in to our New York office frank suggestions for the improvement of the Conference next year. And last but not least, *all come again and bring others whom you know ought to be here.* That will certainly insure a conference in 1927 which will be the best ever!

We will all take away with us certain impressions. I recall one indelible picture of last night, when some of us gathered for a little social occasion. There was an outdoor fireplace surrounded by a group composed of the Vice-President of the Pennsylvania Railroad, the General Counsel of the National Association of Manufacturers, a former member of the British Parliament, chairmen of boards of directors and presidents of great corporations, and other men of that type, with working men right out of some of the plants and railroads, and all were roasting "hot dogs"

together around the fire! That may be a very crude illustration but I am sure such social, friendly, personal contacts will really mean something in the larger life of industry in the days ahead.

We want to thank you for your very fine cooperation in making possible what we have had here!



*A Memory Lane*



## LABOR'S VIEWPOINT

*Matthew Woll*

*Vice-President, American Federation of Labor, Washington*



It had been the hope and the happy anticipation of William Green, President of the American Federation of Labor, until yesterday afternoon, of appearing here this evening in person and of presenting to you as president of the great American Labor Movement its ideas and ideals, its attitudes and concepts regarding our industrial, social, economic, and political life, as well as our industrial relations. However, affairs in Montreal, in preparation for the coming Convention of the American Federation of Labor, made it impossible for him to leave. He asked me, at the last minute, to take his place, and endeavor to present that message to you. I was very happy to respond and am greatly delighted to be with you under these most pleasant circumstances and in this most happy environment. But I do want to convey the keen and profound regret of President Green because of his inability to be with you, and likewise to voice his hope that the future may afford him the opportunity of fulfilling the engagement which he sincerely intended to fulfil this evening.

Addressing myself to the subject of our industrial life, and endeavoring to express the ideas and ideals, the hopes and purposes of the Labor Movement, it is quite difficult to single out any one particular subject without danger of minimizing the importance of other subjects. For, after all, our industrial life is so interwoven with our social and political life, that one cannot well deal with one without involving the others.

But particularizing upon labor relationships let us first of all understand that the American trade union movement differs essentially and fundamentally from all European labor movements, in philosophy as well as in practice. That is understandable if we reflect briefly upon the development of the industrial, social, and political life of the European countries as compared with life in our country.

This nation was born at a time when a silent revolution was taking place in all the older countries. At that time we, a young adventurous people, with an abundance of natural wealth, and with wilderness confronting us so that only individual initiative and enterprise could master the environment and circumstances of that time, naturally developed principles and attitudes not to be found among the peoples of Europe who had been laboring for centuries under prejudices, customs, and traditions.

But in our labor movement in America we have never fallen subject,

we believe, to the errors abroad. We have never accepted the philosophy of hopelessness about the present social, economic, and political fiber of our nation and the nations of the world. The labor movement from the very beginning has established itself upon principles of government that have made our nation the greatest republic and the most wonderful democracy in the world and of all times, founded upon the ideals of equality of man, private property, personal initiative and adventure, as the trinity of principles that make for progress and advancement in the human family; founded further upon the idea that *it is not the state, but the individual within the state, that is the sovereign power*, and that governments ought not to intrude themselves in the affairs of man more than is essential to permit fair play and equality of opportunity.

Those principles and doctrines, as you well know, are not accepted in the European labor movements where almost invariably it is believed that the present so-called capitalistic order is intended for the enrichment of but a few and for the enslavement of many, and if equality is to prevail in the human family, then the whole social fabric must be destroyed. A new social fabric then would take its place, wherein private property, private initiative, and personal adventure would be unknown and wherein the state would be the all-powerful, all-dominating influence controlling not only the industrial but also the political, economic, and social activities of the people.

European schools, primarily founded upon the Karl Marxian theory, just the other extreme of the Adam Smith theory of economics, hold forth no hope to the wage earner unless all of the principles that have made for our development are thrown aside and unless socialism becomes the order of the peoples.

In America we have never accepted that doctrine, which has manifested itself in a more severe and violent form now recognized under the title of communism. This ultimately is nothing more or less than socialism, but secures its name by the different method of approach in accomplishing the ideals sought.

American labor has not only refused to accept those doctrines and follow those principles, but it has been compelled to meet the propaganda which has been going on among American wage earners to instill that thought and to force those principles into their minds. *In combating this philosophy, in opposing this revolutionary doctrine, in standing firm to the principles that have made for our greatness, socially, politically, industrially, I feel confident that the American Labor Movement has performed a great, everlasting, and impressive public and patriotic service.*

It is true that, with the development of the American Trade Union Movement, activities have been engaged in, procedures have been followed, which might not have been altogether commendatory and which,

judged by standards of morality and justice, should not have prevailed. But let us understand that the wage earner, like the colored man, has risen from slavery to freedom, as was justifiably said on this platform tonight. The wage earner has come from slavery to freedom and equality, politically, and only within a comparatively short time equality, socially, and just recently to equality in industrial life. In these activities all fair-minded people might not commend some things, and yet let us realize that the struggle of life is indeed a struggle and those seeking to uplift themselves have not always at their command the methods, opportunities, or even the ability or knowledge to conform to these higher standards of ethics.

I say this not in apology for the labor movement, because the same might be said of every other cause. History tells us that the greatest of all movements for the improvement of mankind, the Christian movement, born under humble circumstances, at times followed practices which might not today conform entirely to its own highest standards.

American labor, then, accepts the ideas and principles upon which our great nation is founded. When first organized, while politically free, economically it was not free. A power stronger than law is an economic theory, an economic concept, that is held by the great mass of the people, and which finds expression in our judicial, legislative, and industrial life. And so organized labor, of necessity, had first to combat the theory that it was not on a par with every other factor in industry. Today we have reached a point where all factors in industry are considered equal. It is true we still have among us those who preach their philosophy of despair, who cannot see any hope for the improvement of human kind in our present so-called capitalistic order, and who feel that it is only by violence or by legal revolution that a better understanding can obtain between members of the human family. Leading trade unionists, however, and the vast majority of organized wage earners in America realize that we are proceeding on a basis which is going to make for a better, a closer, and a more harmonious understanding between all of our people regardless of their station of life or occupation; that *there is not inherently that opposition between capital and labor which the radicals would have us believe. Indeed, there is manifesting itself everywhere concrete evidence and demonstration of the fact that the so-called capitalistic system affords full opportunity for capital and labor to respond to their mutual interests and by so responding to improve conditions of citizenship and the nation as a whole.*

In recent years, since trade unions have come to be recognized as established institutions, there has come to them the consciousness and the forced realization that with power and influence come duties and responsibilities to the body politic. With that realization there has come



the need for an enlarged vision, a broader outlook, a more cooperative spirit within industry.

Today, organized labor is not required as in the past to seek to attain its ends by pure militant force. Today, labor realizes the value of education, that great mass power it possesses, and the need of developing that power and directing it into channels that will prove helpful and serviceable, not alone to those directly concerned, but to the entire nation.

Primarily our purpose is to seek to equalize and to balance the contracting power between the corporate employer and the individual wage earner, and in that we are again performing what I believe to be a great public service. For, up to the present time, the human mind has not yet devised an instrumentality more suitable for the maintenance and perpetuity of our American principles of government, than the idea of freedom of contract. And yet, if not safeguarded, it might very readily be converted into an instrumentality of oppression. For when contracting parties are not upon an equality basis, the agreement entered into does not bear that semblance of mutuality and of fair consideration required under our laws in every other form of bargaining.

And so, with the development of the large industrial corporation on the one hand, an arbitrary, artificial creature of the state, endowed with capacities far beyond that given to any individual, if there be not some balancing power on the other side in behalf of the wage earner, then the contract idea, the greatest instrument for the protection of life, liberty, and the pursuit of happiness, will only be converted into an instrument of oppression. In organizing the wage earners, in balancing the contracting powers, we have again made possible the continuation of this ideal relationship that has been so well builded in our wonderful country.

While, that, of course, is the prime work of the trade union movement, and thereby labor seeks to express its interest in industry, to obtain its reward for services contributed, to establish more helpful and healthful conditions of work and life, that is not the end of its interest nor the sole purpose of its existence. With fairer wages established and fairer working hours made possible, the American wage earner has had time to give consideration to broader problems not affecting the worker immediately, but having a real relation to the worker of tomorrow as well as to industry itself. Labor in America today seeks not only wages for the moment, not only improvement in working conditions and hour regulation, but seeks likewise to make industry secure and to perpetuate its well-being, so that as the years roll by, the opportunities for rendering service and earning a livelihood may not be curtailed.

Labor today is of necessity concerned with the same problems that capital is interested in. *Industry contains three vital factors—capital, management, and labor, and it is impossible to separate them. Without*

*any one of those elements, chaos and destruction would follow. And if that be true, it is essentially imperative that these three factors endeavor to come to a common understanding and by a common procedure work out together the problems of industry and of life.*

American labor is fast coming to that point. In the productive field wonderful progress has been made, though we are not yet satisfied. Understand that we are a large group, moving slowly but surely, moving in a course that is not paved with cement road, but built upon ruts and where there are many obstacles both from within and from without. We have yet some employers who conceive wage earners as mere hands, not as men; who employ workers not as John, Bill, or Jim, but as so many numbers. The human equation is yet lacking. But it is a happy commentary upon our industrial life, that the number of such employers is fast decreasing and that the number of those who look upon their employes as co-workers and not as mere hands or numbers is enlarging constantly and rapidly.

While we have obstacles from without, we also have difficulties from within and they are perhaps the more serious. That, too, is understandable, for we have in our midst many wage earners from Europe who have not been able to discard the teachings, traditions, and customs of older countries, who labor under fearful hatreds engendered abroad. And in that group within our movement radical propagandists find quick root for their doctrines. Thus we have the struggle of bringing home to this class of workers the light of America, the intelligence of American wage earners, the customs and traditions of our own people, and of making them hopeful citizens, who realize that our institutions and our great land afford opportunity for hope and betterment of life, and not for revolutionary and destructive theories, policies, and practices.

Let me say right here that while everything is comparatively serene in our land and while we believe our institutions are secure, and that there is no danger to them such as threatens in the older countries, there was a time when our institutions were seriously threatened, when foreign propagandists were making considerable headway, when the American Labor Movement and its leaders had to exert themselves to the extreme to rid our ranks of these dangerous and foreign propagandists. Today we are almost the sole organized body of people which is resisting the alluring and subtle attempts being made to give recognition to that destructive philosophy of government in Russia, which seeks to destroy private interest and private property, and in so doing to undermine the principles of our very nation and allow foreign propagandists to get control of the American mind and working man.

But I am not here to talk on that subject. I allude to it merely to indicate that our problems are broad and many, profoundly interesting,

and of deep concern not only to industry but to our whole body politic. In our industrial life, we have come to realize the value of education as opposed to militancy, the moulding of the wage earner's mind, the bringing home to him of the problems not only of his workshop but the problems of the industry itself. We are today looking upon employer and employe as co-investors; the employer putting in the capital, the wage earner his service, intelligence, his skilled craftsmanship, so that the interests of both are closely related and of necessity inter-dependent.

*We are beginning to undertake movements tending to bring employer and employe through management into complete accord, to perfect our productive processes, believing that then our distribution and consumption problems will likewise be happily solved.*

In some instances labor is taking the lead. I am not going to burden you with a recital of what is going on in the various industries but may I just briefly allude to the printing industry of which I am a part. In most of the printing trades, the employers as a group and employes as a union, while we have our economic difficulties, nevertheless are joining forces to study the problems of our respective occupations and are seeking by cooperation and agreement to work out the laws of industry for the purpose of eliminating waste, increasing the efficiency and productivity of the individual unit plant, as well as of the wage earner, that we may raise the standard and make more secure the future and permanent welfare of our trade!

I understand that Mr. Berry, President of the International Printing Pressmen's Union, appeared before you a year ago and told you of their wonderful school and home in Tennessee. I don't know whether he advised you of the corps of engineers employed for the purpose of aiding newspaper publishers to improve the quality of the daily papers. I might go on and describe to you the extensive school development of the International Typographical Union for the purpose of improving its craftsmanship. I might relate to you what we as photoengravers are doing, requiring all our apprentices to attend school outside of working hours, carrying on research work in order that the craft may be built up; indeed, sometimes leading our employers in matters that are of more direct concern to them than of immediate effect upon ourselves.

In the railroad industries we find the same development taking place, and in the building trades, where, in a number of cities, young men entering those crafts and occupations are required to go to trade schools and vocational classes, all designed not only to save the artisanship of today, but to improve upon it, to make for a vocational standard, to furnish a trade education, a broader vision and a greater knowledge, not merely of the manual performance of work but of its relation to all of the interests involved in industry.



Are we not, then, performing a great public service? Are we not, then, leaving a strong and helpful impress upon our industrial life? Are we not, then, following such methods and practices as are deserving of cooperation and helpfulness, instead of indifference, apathy, and, altogether too often, hostility and opposition?

Review our record, reflect upon our deeds, consider our endeavors for social legislation, and you will find invariably that *what we seek to accomplish is intended for the good of all*. There was a time when labor was denounced because it sought increased wages. Today there is little condemnation on this ground. This theory of organized labor is recognized as essential for the well-being of the whole of our people. We are beginning to realize that where there is great mass production, unless we develop the consuming power of our people in proportion to our increasing productive capacities, we are bound to face ultimate ruination, for of what advantage is it to produce, if we do not at the same time develop a people capable of consuming what is produced?

We have made mistakes and shall again make mistakes. We claim no privilege or exemption. For when we review the activities of mankind in general, we find that it is but human to err and that after all it is from the experience and errors of the past, that we learn what is right and of permanent service. In that spirit, American labor has gone on its way and will always shape its policy and activities. I am sure that the time will come when we shall no longer think of "labor problems" in a spirit of hostility and opposition, but *we shall come together in conferences such as you have here, review our problems from the cooperative point of view, with the purpose of labor serving capital, capital serving labor, and both joining to serve the great American public!*

#### Discussion of Mr. Woll's Address.

C. R. TOWSON: Last evening we were lifted into the realm of high thinking as we followed the interpretation of the conditions in industry of that master of thought and of expression, who represented to us the Manufacturers' Association, Mr. Emery. This evening I may use the same words—we were lifted to a high level of thought and expression as we followed the interpretation of a man who represents the American Federation of Labor. I count it a great privilege to live in a day when we may sit and learn at the feet of both contributors. There have come to you questions as you have listened to Mr. Woll and I wonder whether you would like now to ask him some of those questions which I have heard you ask on the porch as we have talked together.

DELEGATE: I would like to ask Mr. Woll if Brookwood Labor College is being fostered by the American Federation of Labor.

MATTHEW WOLL: The Brookwood Labor College is not fostered by the American Federation of Labor.

DELEGATE: In your judgment what is the chief need within the ranks of organized labor today? Is it education or more intelligent leadership?

MATTHEW WOLL: I would not care to speak of leadership because I would then be placed in the position of judging men associated with me in this work on a comparative basis. But that there is room for further intelligence among the wage earners as a whole is undisputed. Labor has sought as best it could to develop the intelligence of the great mass. We realize that even our public school system, intended to train the youth of today and the worker of tomorrow, does not go as far as it should, and so labor of its own accord, to supplement public activity, is instituting classes and colleges, encouraging the adult worker to learn and to learn still more, to secure knowledge not only of the affairs of his nation but of his industry and of his fellowman. Surely there is room for improvement intellectually among all of us.

CHESTER E. TAYLOR, Y M C A, Orange, N. J.: I was interested in what you said about the future of industry, and was comparing that with a charge I frequently hear made, especially in the building trades, that it is the practice of organized labor to so limit the number of candidates who may be admitted to apprenticeship, that the number of journeymen will be limited, and thus wages will be kept high. Is it a true statement of fact and on what basis may the fact be justified?

MATTHEW WOLL: Your statement about limitation of apprentices in certain trades is true. Your deduction from it, however, is not well founded. The trades, of course, seek to conserve their skill and standards of workmanship. If they had no apprenticeship system requiring essential training and making that possible, their standard of workmanship would soon be dissipated. Now please understand that you may point to one or more instances where these rules are used in a way that may not be commendable. These exceptions do not prove the rule and it is contended by me that we are seeking perfection and responding in that direction. The thought I wish to impress is that the leadership in the American Labor Movement is directing its energies and efforts toward that end. I know apprenticeship rules in some instances are violated. In the main, however, where apprenticeship conditions prevail they are working out satisfactorily to employer and employee.

GEO. HENNING, Belmont Smelting and Refining Company, Brooklyn, N. Y.: How many members are there in the American Federation of Labor?

MATTHEW WOLL: The membership of the American Federation of Labor is first of all based upon those who have been paying dues to the

Federation. That paid up membership is about three million. It is fair to assume that those who are unemployed, not paying any dues, are about half a million. So that the Federation directly in membership has be- you must bear in mind the Brotherhoods and a number of other organizations that are not in affiliation with the American Federation of Labor; so that the organized forces of America would range between five and six million.

NOEL SARGENT, National Association of Manufacturers, New York, N. Y.: Mr. Woll declared that American organized labor has power at the present time and they have recognized that with power there goes responsibility to the body politic. And he later declared that he believed the American Federation of Labor to be performing a public service in connection with certain of its activities. In the press of the last few days, there were references to labor leaders visiting President Coolidge and declaring their opposition to any public regulation of industrial disputes of any sort. Whether or not those newspapers were correct, we do know that in his testimony before the Lockwood Committee in New York City, Samuel Gompers declared that the American Federation of activities of labor organizations.

Now if there is to be public responsibility it would seem that such responsibility can be administered either through the courts or the legislature, either of which may be said to represent the public. As I understand it, organized labor declares that the courts should not have the power to interfere with reference to labor disputes which, of course, primarily concern the public; and furthermore, Mr. Gompers declared it to be the position of the American Federation of Labor that it is opposed to any curb by legislative bodies, to regulate or make forcible contracts with employers. I would like to have Mr. Woll explain whether the Federation adheres to that attitude still and if so whether it is consistent with his statement that the American Federation of Labor feels it has a responsibility to the body politic.

MATTHEW WOLL: I don't agree with your statement as to labor's attitude upon the subject, and hence I cannot answer yes or no to your question.

In the legislative field organized labor takes the position that it is opposed to compulsory arbitration or compulsory judgments of industrial relationships, and in that attitude it does not stand alone, for the manufacturers also agree with that point of view, and only very recently the American Bar Association meeting in Denver, Colorado, in convention, on the report of the committee especially delegated to investigate that subject, agreed with the policy of the American Federation of Labor. Any other course would immediately terminate the right to freedom of contract.



Now as to restriction by action of courts, there is, of course, considerable contention as to labor's attitude on that subject, but the developments in New York State, the attitude of the judiciary and of Governor Smith, fully confirm the position of labor, that equity courts ought not, by *ex parte* hearing, without open trial and presentation of evidence, issue a restraining order, before giving the other party a chance to come in court. So we do contest against that system of judicial control by injunction through *ex parte* action without giving equality of opportunity to the other side to present its case.

C. R. TOWSON: If you were to be asked whether organized labor does purposely restrict production, would you consider that a proper question?

MATTHEW WOLL: I do not deny that there are some trades, where methods are in vogue that are a check upon production and which, viewed from the outside, could find no cause for commendation or continuation. I have in mind some restrictive rules in some organizations that I personally would not approve of, and yet, when we view the historic background that has led to those rules, and some of them promulgated at the instigation and the desire of employers who have increased arbitrarily the unit of production, you can then understand the hesitancy with which labor seeks to give up those rules, forcing its men into idleness, and making them suffer the penalty of a readjusting of that industry. There are such rules, they are unjustified, they are not, however, to be simply condemned; but both employer and employe ought to cooperate in eliminating them, not inflicting punishment solely upon the workmen, but having the industry bear the burden of the change. On the other hand, I could point to any number of instances where efforts are being made to make the men more efficient to lessen duplication of work, to give them that spirit of creation which will produce more individually and collectively.

S. F. PULLIS, Y M C A, Passaic, N. J.: I come from Passaic, and we have down there not only a strike but a social revolution, and I think it fair to say that most right-thinking people believe in the right of collective bargaining. I wanted to ask the speaker if he would tell us the position of the American Federation of Labor as to a so-called employe representation plan or works council.

MATTHEW WOLL: The employe representation plan, or the company union organization, from our point of view, is helpful, in that it vindicates our position as to the necessity of labor organizing and acting collectively for the promotion and safeguarding of its labor, and bringing about that equality of contractual relations which should of necessity obtain.

As to its efficiency in the ultimate end, we do not believe that form of organization can give the best results. Experimentation thus far of course indicates that good has been accomplished by company unions.

that they are of a permanent character, and may perform some of the functions of the trade union movement. But we cannot agree with that. If the company union were to become an established fact, it might possibly reach the dangerous stage that it threatened to assume in England during the Great War, when the Shop Steward Movement developed. And I am wondering if those interested in developing company unions and the so-called employe representation scheme are aware of the possible dangers likely to arise out of that form of organization.

Then bear in mind, too, that company unions do not intend to equalize the cost of production of the various competing factors and that they are not a solution for the industry as a whole. They may be a temporary expedient for the lessening of industrial conflict for particular industrial units, but they are not an ultimate cure-all.

C. R. TOWSON: You would have been interested, sir, to hear how Mr. Emery said in his address last evening that the trades unions have very real advantages. Wouldn't that stir you? And now to hear Mr. Woll say that the company unions have their advantages is very thrilling.

DELEGATE: What is the attitude of the leaders of organized labor toward piece work?

MATTHEW WOLL: Of course I cannot express any collective attitude on that subject because the basis of estimating the value of service rendered differs so widely in the different industries that what may be true in one industry is not true of another. Now, for instance, compensation in some industries is based entirely on time service, regardless of the production within time. In others there is production within time service. In others they are paid entirely on piece rate. Others are paid, like the miners, on a tonnage rate. In the steel industry, men are paid on the market price.

It is true in some industries where the production is more of a mechanical nature, and where the flow of production is constant, that the element of time or of quantity of production within time is an elemental factor and tends to be an incentive toward further creation. And then again you find another industry where the amount produced has no relation to the time.

## Some Comments and Testimonies From Delegates

"This is an ideal American conference, for we are all together here on the same level—employers and employes; capital, labor, and the public."

"I think this getting together on a basis where we feel we can speak frankly and without any fear of criticism is one of the greatest things in the Silver Bay Conference. We cannot help carrying away some of the wonderful spirit created here."

"What has impressed me most is the evidence of growing cooperation between labor and management to give better service to the public."

"Practically every speaker has stressed the importance of a better-thought-out method of education for both employer and employe on the right lines and of getting this whole question of human relations straightened out."

"I have been convinced that you cannot get beyond the Golden Rule. Every speaker who has made statements on right relations in industry has gone back to it!"

"Regardless of whether we went to Hague to mass this morning or whether we attend the Protestant Church or the Jewish Synagogue, the vital question is our relation to our God and the revelation of Himself to the world, that makes it possible for men to get hold of that faith which is a spiritual unseen force and put into action that without which no program of industrial relationships will endure."

"I have always looked upon the Master Workman of Galilee as the greatest solver of the world's labor problem. If we were to follow his principles absolutely, we would certainly come to a realization of right human relationships. To my mind the outstanding spirit of this whole conference is the spirit of faith in the fundamental principles that the Nazarene taught—the gospel of work, of wages, of justice in dealing with labor and the square deal for everybody."

"Patience, courtesy, Christian sympathy—everything that makes up our Christian ideal we find on these grounds."

"'We are members one of another.' We cannot get away from the fact that practically every day here we heard this message or one of a similar character."

"You cannot measure it but if it gets a chance, the Golden Rule will certainly work in industry."

"If the management of the mills in a certain city could have been at Silver Bay last year there would have been no need for a strike in that city!"

"I am profoundly impressed with the practical ideas presented—not just pretty theories which have been handed to us before."

"I think we have conclusive proof that a greater degree of spirituality is entering into our industrial ranks."



"I come home always from these conferences with enthusiasm in my heart, and zeal in my soul, and I thank God I have had the privilege of coming again."

"The outstanding impression from hearing all these talks is that industry has come to the conclusion, after careful consideration, that the main product of our factories is *men*."

"What moved me most was the meeting some of us had at breakfast, when three men representing three branches of religious thought in America each spoke of the *spiritual* value of this conference."

"I want to testify to you from the standpoint not of the Y M C A or religious propaganda, but per capita production, and mill efficiency, and community standards, that those industries in which employes and employers have the saturation of spiritual forces, those communities in which there is kept alive through churches and schools a dynamic Christian emphasis are those where the people are happiest and where per capita production is largest."

"As a result of meetings of this kind, we come to that definition and understanding of religion that enables us to see that it is life and not work, that it is action and not intellectual concepts, that it is a fellowship of men of like-minded mutuality, rather than dogmatic adherence to an organized form."

"I have been deeply impressed by this conference, as I have been by all that I have attended. It has not seemed possible that the pace that was started nine years ago could continue and become finer and better. But it absolutely has. We have taken for granted this year things that were still doubtful in 1917 and 1918."

"From Troy there have been more than five hundred different people at these annual conferences. They have come from nearly every factory in the city and also from professional life. As a result the Silver Bay ideas and ideals have gone all through our city and accomplished an enormous amount of good."

"Here leaders of both capital and labor stressed that particular philosophy of the relationship of man to man, which I have never heard in any other conference: 'No man liveth unto himself' socially, industrially, nationally, or internationally. This conference is an outstanding expression of the dynamic leadership of the Master Leader of all time."

"What struck me most was the earnest desire of everyone here to be of service. I am not extravagant in my hope that this conference will grow into such a great influence that its effect will be felt throughout all the countries, and be of benefit to the whole human race." (From a foreign delegate.)

# INDUSTRY AND RELIGION

*Dr. William J. Hutchins*

*President, Berea College, Kentucky*



I have been asked to speak this morning on Religion and Industry. As illustrating the attitude of ancient scriptures toward this relationship, I would read to you the words of Ecclesiasticus thirty-eighth chapter: "These maintain the fabric of the world, and in the handiwork of their craft is their prayer." Illustrating the attitude of the New Testament toward that relationship, I would read Paul's words, in Romans 14:8,

words written to men whom the world called quarrymen, shoemakers, slaves; "Whether we live, we live unto the Lord, whether we die, we die unto the Lord."

Among the prophets of our time, none are heard with more complete acquiescence than those who tell us of the dechristianizing, the dereligionizing of modern industry. We are told that after the virtues fostered by Puritanism had brought capitalism to birth capitalism straightway forgot the virtues and the religion of the Puritans. We are told that to the man in industry religion is at best a solace in domestic affliction, but has no part in the life of shop, factory, or office.

The passages, which I have used as mottos rather than texts, show clearly enough that *the religion we profess has never acknowledged such limitation*. For Hebrew and early Christian thought there was no departmentalization of religion and industry. The divorce of industry from religion, if true, and in so far as it is true, involves more serious consequences today than it would have involved in any previous period. *The fate of the world in politics and in social reform is more largely in the hands of business men than in the hands of politicians, preachers, lawyers, or any other group.*

What then has industry to do with religion? Industry should mean to us, not a vague abstraction, but a multitude of men, women, and children engaged in the production, manufacture, and distribution of goods. *But what should Religion mean to us?* I must answer at once that in this day, with our passion for reality, with our desire to debunk society, the producers of the world cannot be satisfied to call that religion, which consists merely of the dedication of money to some deity. The bandit robs a wayfarer, and surrenders a portion of his booty to the deity, whose eyes look down upon him in gracious pardon from the grotto by the roadside, and he and the deity are presumably content. Churches, monasteries, schools, orphanages have all been endowed by industrial mag-

nates and malefactors, for the peace of their souls; but nowadays souls don't find much peace that way. Prophets have been too busy with us.

"City of festering streets, by Misery trod,  
Where half-fed, half-clad children, swarm unshod,  
Whilst thou dost rear thy splendid fane to God."

Nor can the producers of the world call that religion, which consists merely of ceremonies and ritual. You may have seen the famous, notorious shrine of Kalighat, happily connected by tram with the commercial city of Calcutta. There, little goats, after a bath in the dirty waters of the river, are slaughtered and their blood presented to the goddess Kali. In Benares, well called the City of Trampled Flowers, you will see obese sinners striving by fasting and ablutions to get right with God. But whether we be religious or not we know that any God who could compel our worship, must say to us with the God of Amos, "Take thou away from me the noise of thy songs, for I will not hear the melody of thy viols. Let justice roll down as waters and righteousness as a perennial stream."

Still further, industry can never count that religion, which consists merely of words offered to Deity, words, however beautiful, however artistic, however sustained by sweet strains of music. Jesus strikes home to the heart of everyone of us in this disillusionized age of ours when He says: "Not everyone that saith unto me Lord, Lord, shall enter into the kingdom of heaven; but he that doeth the will of my Father which is in heaven."

Nor again can industry call that religion, which engages itself merely with bane or bliss in the after world. Dr. Hocking tells us that in a certain military school the pious boys were called "Hell dodgers." *Any religion, to claim the attention of industry, must engage itself not so much to save us from the fires of hell, as to abolish hell right here and now,* with "our fresh souls, our younger hopes, and God's maturity of purpose." "A religious man," says Fort Newton, "is one who is aware, dimly or clearly, that his life is one with a vast kindred Life, in whose near neighborliness and far friendliness he and all men are united to fulfill their duty and destiny."

We who are in the world of industry, where men, women, and children fight bare handed with the naked facts of life, must have a religion like that, or better than that. Above all the masters of the world, Jesus has been able to bring to men the assurance and the persistent consciousness of a near-neighborly and far-friendly vast, kindred Life; and for us religion should mean the relation which a man may have with the creative good will at the heart of the world, the good will proclaimed, and incarnated by Jesus Christ.

We look then into the faces of millions of our brothers and sisters in



their activities as producers, and walk in company with them, as they, in the garb of labor, move into the presence of the God of Jesus, to ask whether those who toil as they toil, may find their lives dominated, penetrated, permeated, by His vast kindred Life.

And I note that whether we like it or not, whether we are conscious of it or not, we in industry are living unto the Lord. Industry is dealing day by day with the gifts of God to his children. A few days ago I was at Glens Falls. I saw the great dam and the flumes of the pulp mills, which control and direct the waters of the Hudson. What have you there? Water, that wondrous gift of God, caught up from God's ocean by the blessed uplift of God's sun, borne in God's cloud ships, argosies to be wrecked by God's design against God's mountains; water, then, to be hidden safely in God's springs, thence to flow down God's valleys, as a river of God, full of water, down to a dam, which men have made in turn out of God's rocks and ore and wood. Not an industry represented here this morning, but often handles with soiled, ignorant, irreverent, and thankless hands, the gifts of God in the raw materials of industry!

Nor can we forget that the very brains which we use in every industry, to devise instruments of precision, to register the infinitesimal, the brains which dream of Woolworth buildings and Leviathans, of aeroplanes and submarines, are God's gifts to us. You noticed the recent statement in the *Atlantic Monthly* that French scientists have listened to the star Capella, whose light has been traveling more than forty years to reach our globe and was transmuted into sound by the use of photoelectric cells. Brains which can dream such dreams and contrive instruments to make those dreams realities, are themselves the gifts of the creative good will at the heart of the world.

Again, *industry succeeds in the measure in which it seeks and finds and bows in intelligent homage to the laws of God in the natural world.* In every great factory as well as in every great university, is the group of scientists, studying, experimenting—why? To find the laws, by which God mediates His gifts, by obeying which the industry may prosper. You remember the story of Edison, with his phonograph. He sent into his experimental mechanism the word “specia,” and the word always came back to him, “pecia.” And day after day, night after night, the wizard worked—why? To find the divine law in obedience to which he might become master. Every product of every industry represented here is probably the direct outcome of the work of the scientist, who, consciously or unconsciously, has sat in the school room of God, until the great Teacher should tell him His secret, His method of working, His law.

Modern industry involves the intimate association of God's children in production. A while ago I met in our mountains an old friend. I

said, "Won't you please show me how you spin." The old lady, whose pipe was by her side, extricated herself from her rheumatism, and with incredible speed and skill drew the wool out into thread. She could spin and weave for her entire family. The spinning wheel and the loom are survivals of a day which in this country has gone forever. No longer the isolation of the mountains, but the concentration of hundreds and thousands in our factories. Nor is the association of God's children in industry confined alone to those who labor in this country. Industry today means an association well-nigh world wide. From Norway and France, from Sumatra and the South Seas, from China and Chile gather our associates. It is a startling thought that to God's eyes there can be no foreigners; and that the yellow-faced Mongol who works for you in the mines of Korea, and the little brown man who in the Malay States gashes your rubber trees, each is one of God's children, toiling in the world association of modern industry.

If the God of Jesus is a reality, with His near neighborliness and his far friendliness, then in industry, as we work *with* God's children, we *work for* God's children as well. Industry has its ideal to supply God's children with things, which, to quote, "are necessary, useful, or beautiful, and thus bring life to body or spirit." "In so far," says a writer, "as it is diverted from its purpose, it possesses no more social significance than the orderly business of ants and bees, the strutting of peacocks, or the struggles of carnivorous animals over carrion."

Granted the God of Jesus, industry is engaged, ideally, at least, in the same task in which God himself is engaged. We see God engaged daily in creative work. Thoreau says, "Earth is still in swaddling clothes, and stretches forth baby fingers on every side." Jesus says, "My Father worketh hitherto and I work." God is ever at work, transforming this old chaos of a world into a cosmos, a fair, ordered, and beautiful thing. *The Swede who cuts the timber from the forest, the Hungarian who smelts the ore, the Italian who lays the rails, the American who holds the throttle as his locomotive makes its way across the continent, the foreman who interprets men to management and management to men, the executive who devises plans to utilize God's gifts* may all be engaged, in the same task in which God himself is engaged. Jenny Lind used to say, "I sing for God." And every toiler in any legitimate field of industry has a right to say, "I am a fellow toiler with the Most High."

Now I do not for a moment underestimate the facts which would blight our faith. I do not forget a writer's description of "blind matter, indifferent to good and evil, rolling on its relentless way." But this is certain: If any one has ever known God, that one is Jesus. If God has ever revealed himself, He has revealed himself to Jesus. If Jesus is not the revelation of God, then we may never hope for such a revela-

tion. If Jesus is deceiver or deceived, if at the heart of the world there is no creative good will, then we must despair of any solution of the problem of the world, and sit dumb, despairing in a madhouse in which we see fashioned out of mud the martyrs, poets, seers, patriots—out of mud, your mother and your Master.

If this world of ours were God forgotten, or Godless, I think we should still huddle together in our madhouse, and try to console each other and support each other as best we might.

But if we are willing to make earnest with our religion, if we are willing to grant the God of Jesus, the creative good will at the heart of the world, then obviously religion must dominate, penetrate, permeate every aspect of industry. For example, it will become unthinkable that we should waste God's gifts, incredible that we should willingly defy God's laws in nature or in our own mental life. In a recent book there is this quotation from the editor of the *Gas Age Record*: "The story of the development of life and industry in America is the most amazing tale of the waste of wealth by a careless, improvident people the world has ever known. We have flooded the air with that wonder fuel, natural gas, covered our land with ashes of burned forests, robbed our virgin acres of so much of their fertility that in many regions farming as a pursuit is about as obsolete as the spinning wheel." If just once we awake, if just once we arise from the dead, become conscious of the most obvious facts of faith, then waste and lawlessness will become as impossible to us, as it would be impossible for us to cast into a quagmire the tokens of a mother's love. I need not remind you that the most tragic waste is that of human energy, human life. If we awake to the fact that we live unto the Lord, that fact will prevent us from using persons as things, as means to an end, as cogs in the machine.

I was in a mill the other day. The conditions of labor were fairly good; but there I saw boys and girls making the same small turn or shift of bits of paper, the same small push of little bits of paper, second after second, time after time, for ten hours a day. And that factory quite unintentionally is making morons out of fine mountain boys and girls—boys and girls with the love and life of unspoiled Americans. That highly modernized factory is taking the comrades of Sergeant York and of Willie Sandlin, and fashioning them into mindless minders of machines, their manhood caught at last and ground to pieces in the machinery. A friend of mine stopped a man, as he was leaving a certain modern factory. "What's your job?" "I make a pin, just so long." "How long have you been at it?" "Three years. And it's just so long." Arthur Pound, business man, journalist, and careful student of industrial problems, writes: "So far as the great majority of workers is concerned, modern industry presents this phenomenon, the dulling of mind, on a



scale unequalled in extent, to a degree unequalled in intensity, by anything on record in history. Our tenders of machines are starved in their souls. Certain I am that no one but an imbecile could find much delight in sharing the daily toil of our mill workers, so mechanized has it become."

Now these associates of mine in industry are children of my heavenly Father. I can't dodge that. And if I awake to that fact, then I can no more set a woman to work at a bending machine, to make the same slight movement fifty times a minute, thirty thousand times a day, than I could set my own sister to such a job. In China I myself have seen in a silk filature little women, their babies on the floor, little women, bending over the steam, loosening the silk from the cocoons, little women working from six o'clock in the morning till six o'clock at night, our little sisters in industry. Does it mean nothing to you, O ye that pass by? O yes, it means to you and to me that this sort of thing is insufferable and we shall fight it, whether our brothers and sisters happen to live in Soochow or in Chicago.

*If we live, frankly, consciously, unto the Lord, then lies in advertising and in manufacturing will be as incredible as palms in Greenland.* I was told that at a recent meeting of advertisers in Philadelphia, the convention adopted the motto "Truth." It will be a great day when Truth becomes the watchword and the practice of advertisers and producers. But if religion dominates, penetrates, permeates industry, is the great day remote?

I hear men say—not many, I think—"That's all rot. It is lucky for you and for industry that you are not in it. You can't run an industry, and be your kind of a Christian." A great American has left with us a challenging question to answer, "Dare we be Christians?" Many a man hasn't the nerve to be a Christian. It is clear that you can't run some industries and be a Christian. It is equally certain that you can't make great profits out of some industries, and still be a Christian. I think it entirely possible that a man in industry, who wakes to the facts of faith, may go to the wall. Now regarding this possibility several things are to be said: The symbol of our religion is a cross. The motto of our religion is "*Per crucem ad lucem*" (through the cross to the light). The cross is not merely the symbol of our personal redemption. Jesus said to His friends, "If any man would come after me, let him deny himself and take up his cross daily and follow me." When He said that, He wasn't thinking of some little gold cross which a clergyman two thousand years from that time might wear upon his watch chain or some dear little girl might dangle from her necklace. He was thinking of the heavy wooden cross, which a criminal in the eyes of Rome might bear along the Sorrowful Way, until he should come to the Place of the Skull, there to hang upon that cross for hours, till reluctant death might come to the rescue. A friend of mine remarked that for a business man

crucifixion might be translated business failure and this same friend has said, "The Christian religion means that all men must sacrifice something, and some men must sacrifice everything."

We sing quite lustily:

"Must I be carried to the skies  
On flowery beds, of ease,  
While others fought to win the prize  
And sailed through bloody seas?"

What answer does that question demand? We translate the song to sing:

"No, there is a cross for everyone,  
For all *excepting* me."

But do we not exaggerate the dangers of the Christian industrialist? I note that other men fail in business besides those who are Christians. *I believe that under ordinary circumstances the Christian man will not fail. The man, in the handiwork of whose craft is his prayer, will not starve, nor will his family starve.*

I was talking with a hotel man. He said that he vowed to God, and stated before men that he was going to run a hotel in which a man's wife or daughter might live, and see no sight of shame, and hear no sound, which would cause a blush. One day one of the wealthiest men of the state came to his hotel and called to his room certain convivial friends, to join him in breaking the law of the land; and the proprietor told that man that he must leave the hotel, and he left it. Again a county judge and a county attorney attempted to bring to their rooms women and wine, and the proprietor told them to get out, and they got out. Did that proprietor go out of business? He might have had to go out of business; but his two hotels are Meccas for decent people, who wish to be surrounded by decency rather than debauchery.

In contemplating Napoleon on St. Helena, a writer says, "Napoleon had no great principles to stand by him." We sometimes talk as if the Christian business man is bound to fail in this crooked world. I am more often impressed by the fact that a man fails in this so-called crooked world, because he is crooked himself, and the world is so everlastingly straight that it strikes directly across the man's crookedness.

The man whose labor is dominated, penetrated, permeated by religion may not leave a deal of money to damn his children, but he leaves them a good name, and a good name is rather to be chosen than great riches.

The man in industry, who knows that he lives unto the Lord, in the handiwork of whose craft is his prayer, gains ever and again the sense of comradeship with his Lord in the act of creation. It has been said that "Abraham Lincoln would have been less amazed and dumfounded from the standpoint of material culture in the court of Asurbanipal than

in that of Calvin Coolidge." Thus we get a hint of the creative acts of men in industry, by which in sixty years the face of all the world has been changed.

A great-hearted friend of yours comes to you this afternoon, and says to you, "Come on, let's take a walk. We'll climb to the top of the mountain, back of the hotel here. I'll show you views you have never seen before. I know every foot of the trails." *So God challenges the man in industry; "Come, walk with me. There are heights of vision, of achievement which I hold in reserve for the man, who has the nerve, the grit, to climb with me, as once Enoch walked with me, the Great Companion."* And the business man, who accepts that challenge, and gets a new idea to enrich the life of the world will have a more certain view of his Lord than the hermit, who in his cell, by self-mortification seeks the Vision Splendid.

And he knows what the poet means, when he says::

"Ofttimes cometh our wise Lord God,  
Master of every trade,  
And tells them tales of daily toil,  
And of Edens newly made,  
And they rise to their feet, as He passes by  
Gentlemen unafraid."

And lastly; I would speak to each one of you personally. We are going home. I have given you no elaborate program. Religion is not, primarily, a program. It is a spirit, it is a power. Let us go home, not to dream airy dreams of Silver Bay, but to put into operation programs which may more and more conform to the spirit and purpose of Jesus. Our responsibility is graver than we assume. As we handle material things we are dealing with eternal values.

One day the hair will whiten, and the hand which held so firmly the helm of the great business, or the lever of the great crane, begins to lose its cunning, and you begin to think of the day when the silver cord will be loosed, the golden bowl broken, the pitcher broken at the fountain, the wheel broken at the cistern. Or it may be that the wife, who has been with you through the long years, shared your trials, laughed at you in your irritation and with you in triumph, your wife who has held you true to the way of honor, when you might have been crooked, slips from you and you can't hold her from the night.

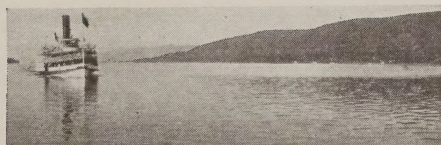
But God who said, Light shall shine out of darkness, has shined upon you, a man whose hands are hardened by toil, you, who have been called a hard-headed business man, and he has given to you the light of the knowledge of the glory of God in the face of Jesus Christ.

Not as a pretty verse said by some curate above a grave, but as the utterance of a heavenly Friend, with whom you have toiled through the days, you will hear the word: "He that believeth on me, though he die,



yet shall he live, and whosoever believeth on me shall never die." You have helped to maintain the fabric of the world, in the handiwork of your craft has been your prayer; you have lived freely, gladly unto the Lord, and you look undismayed, unafraid, toward the great adventure of death and the great achievements of those, who help to build the four walls of the New Jerusalem, the City of God.

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